DECCAN CEMENTS LIMITED

34th Annual Report

2013-14

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Corporate Information

Board of Directors

Mr. M B Raju	Executive Chairman
Mr. Umesh Shrivastava	Director
Dr. S A Dave	Director
Mr. J Narayanamurty	Director
Mr. K P Singh	Director
Mr. P Venugopal Raju	Director
Ms. P Parvathi	Managing Director

Senior Management

Mr. G R Ram	Senior Vice President
Mr. M Krishnam Raju	Vice President (Marketing)
Mr. S Venkateswarlu	Vice President (Works)
Mr. R V A Narasimha Rao	Chief Financial Officer (CFO)
Mr. S K Mishra	Company Secretary

Statutory Auditors

M Bhaskara Rao & Co.
Chartered Accountants
5-D, 5th Floor, 'Kautilya'
6-3-652, Somajiguda
Hyderabad - 500 082

Cost Auditors

M/s. Aruna Prasad & Co.
Plot No. 802/2
64th Street, 10th Sector
K K Nagar
Chennai - 600 078

Registered Office

"Deccan Chambers"
6-3-666/B, Somajiguda
Hyderabad - 500 082
Tel: 040-23310168
Fax: 040-23318366
E-mail: info@deccancements.com
Website: www.deccancements.com
CIN: L26942TG1979PLC002500

Bankers

State Bank of India
Andhra Bank
State Bank of Hyderabad
Indian Bank
State Bank of Mysore

NOTICE

Notice is hereby given that the **Thirty-Forth Annual General Meeting** of the Members of **Deccan Cements Limited** will be held on **Monday, 29th September 2014 at 10:00 A.M.** at Bhaskara Auditorium, Birla Museum, Adarsh Nagar, Hyderabad – 500 063 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2014 and the Statement of Profit & Loss for the Year ended on that date together with the Reports of Directors' and Auditors' thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. P Venugopal Raju (DIN: 00016548) who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and fix their remuneration and in this regard to consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M Bhaskara Rao & Co., Chartered Accountants, Hyderabad, having Firm Registration No. 000459S issued by the Institute of Chartered Accountants of India, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the thirty-seventh Annual General Meeting of the company to be held in the year 2017 (subject to ratification of their appointment at every Annual General Meeting) at such remuneration as may be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS:

5. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Clause 49 of the Listing Agreement, Mr. Umesh Shrivastava (DIN: 00229382), Director of the company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years with effect from 29th September 2014 to 28th September 2019, not liable to retire by rotation."
6. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Clause 49 of the Listing Agreement, Dr. S A Dave (DIN: 00001480), Director of the company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years with effect from 29th September 2014 to 28th September 2019, not liable to retire by rotation."
7. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules,

2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Clause 49 of the Listing Agreement, Mr. J Narayanamurty (DIN: 00026474), Director of the company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years with effect from 29th September 2014 to 28th September 2019, not liable to retire by rotation."

8. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Clause 49 of the Listing Agreement, Mr. K P Singh (DIN: 02951522), Director of the company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years with effect from 29th September 2014 to 28th September 2019, not liable to retire by rotation."

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

   "RESOLVED THAT pursuant to the provisions of Section 148, other applicable provisions of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s Aruna Prasad & Co., Cost Accountants, Chennai, the Cost Auditors appointed by the Board of Directors to conduct the audit of the cost accounting records of the Company for the Financial year ending 31st March 2015, with a remuneration of ₹ 60,000/- (Rupees Sixty Thousand only) plus out of pocket expenses, be and is hereby ratified and confirmed.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

    "RESOLVED THAT in supersession of the Ordinary Resolution passed at the 27th Annual General Meeting held on 25th July 2007 and pursuant to the provisions of Section 180(1)(c) of the Companies Act 2013, the Rules made thereunder and its related and applicable provisions if any, or any other law for the time being in force (including any statutory modification or amendment thereto or reenactment thereof) the Company hereby accords its consent to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose) of the Company for borrowing any sum or sums of money from time to time whether in Indian rupees or foreign currency (including External Commercial Borrowings in foreign denominated currencies from any foreign source/countries as prescribed by guidelines, if any in this respect) from any one or more Company's bankers and/or from any one or more persons, firms, bodies corporate, financial institutions, banks or other acceptable source whether by way of advances, deposits, loans, debentures, bonds or other securities, whether shareholder of the Company or not, whether unsecured or secured and on such terms and conditions as the Board may deem fit, any sum or sums of monies which together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed the aggregate paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided such excess amount so borrowed by the

Board shall not at any time exceed the limit of ₹ 400 Crore (Rupees Four Hundred Crore only).

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects."

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the Ordinary Resolution passed at the 27th Annual General Meeting held on 25th July 2007 and pursuant to the provisions of Section 180(1)(a) of the Companies Act 2013, the Rules made thereunder and all other applicable provisions if any, or any other law for the time being in force (including any statutory modification on or amendment thereto or re-enactment thereof for the time being in force) the Company hereby accords its consent to the Board of Directors (hereinafter called "the Board", which term shall be deemed to include any other Committee of the Board, which the Board may have constituted or hereinafter constitute for time being, to exercise its powers conferred on the Board of Directors by this resolution, or any person(s) authorised by the Board or its Committee for such purpose) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, in such manner as the Board may think fit, in favour of lenders, agents, trustees and other agencies to secure the borrowings of the Company availed / to be availed by way of loan(s) (in foreign currency and/or Indian rupee) and/or working capital facilities and/or Securities issued/to be issued by the Company, from time to time, up to an amount of ₹ 400 Crore (Rupees Four Hundred Crore only) together with interests, compound/additional interest, commitment charges, costs, expenses and all other monies payable by the Company to the concerned lenders.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized and empowered to enter into, sign, seal, execute and deliver such arrangements, assignments, conveyances, covenants, contracts, deeds, writings and other instruments and to do all such acts, deeds, matters and things in the name and on behalf of the Company as the Board may consider expedient, usual, proper or desirable for creating mortgages/charges/hypothecation on all or any of the immoveable and moveable properties of the Company, both present and future, which may be beneficial to the Company.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects."

12. To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time, in addition to sitting fees paid/payable for attending the meeting of Board of Directors and Committees thereof, a sum not exceeding 1% per annum of the net profits of the company calculated in accordance with the provisions of Section 198 of the Act, subject to a ceiling of ₹ 5,00,000/- per annum, be paid to and distributed amongst the Directors (other than the Managing Director and Executive Chairman) or some or any of them in such amounts or proportions and in such manner and in all respects as may be determined by the Board of Directors, as commission and such payments shall be made in respect of the profits of the company for each financial year, for a period of five years, till 31st March 2017.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in the foregoing resolution are hereby approved, ratified and confirmed in all respects."

13. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013, approval of the Company be and is hereby accorded for making office of Mr. M B Raju (DIN: 00016652), Executive Chairman, liable to retire by rotation.

RESOLVED FURTHER THAT in partial modification of Resolution No. 7 passed at the Annual General Meeting of the Company held on 7th August 2012 and pursuant Section 196, 197 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification thereto from time to time or any re-enactment thereof for the time being in force) (the "Act") read with Schedule V to the said Act, and subject to such approvals and permission of any authority as may be necessary, consent of the members be and is hereby accorded for payment of remuneration to Mr. M B Raju as Executive Chairman of the Company as per the details as approved in the above referred resolution and as reproduced below, with effect from 1st April 2014 for remainder of duration of his appointment upto 31st March 2017.

1. Salary: ₹ 4,00,000/- per month with annual increment of ₹ 25,000/-.
2. Commission: @ 2 % of the net profits of the Company in each financial year computed in the manner laid down in Section 198 of the Companies Act, 2013.
3. Perquisites and Allowances:

I. Housing:

a. The expenditure incurred by the Company on hiring accommodation for the Executive Chairman shall be subject to a ceiling of 70% of salary, over and above 10% payable by the Executive Chairman himself.

b. Where accommodation in Company owned house is provided, the Executive Chairman shall pay to the Company by way of rent 10% of salary.

c. Where the Company does not provide accommodation to the Executive Chairman, House Rent allowance may be paid by the Company in accordance with (a) above.

d. The expenditure incurred by the Company on gas, electricity, water and furnishing will be valued as per the Income Tax Rules, 1962. This will, however, be subject to a ceiling of 10% of salary of the Executive Chairman.

II. Medical Reimbursement:

Expenses incurred for self and his family subject to a ceiling of one month's salary per year or three months' salary in a period of three years.

III. Leave Travel Concession:

For self and family once in a year incurred in accordance with the Rules specified by the Company.

IV. Club Fees:

Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed

V. Personal Accident Insurance:

For an amount as per the rules of the Company

VI. Other:

a. Company's contribution towards Provident Fund: subject to a ceiling of 12% of salary, as per rules of the Company.

b. Company's contribution towards Pension /Superannuation Fund: as per rules of the Company; such contribution to the Provident Fund shall not exceed 27% of salary.

c. Gratuity payable in accordance with an approved scheme and shall not

exceed one half month's salary for each completed year of service.

Contribution to Provident fund and Superannuation fund to the extent they are exempted under the Income Tax Act, 1961 and encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. All long distance personal calls shall be duly logged and paid for by the Executive Chairman. Earned / Privilege Leave will be on full pay and allowances as per rules of the Company. Leave accumulated but not availed during his tenure may be allowed to be encashed as per the rules of the Company.

RESOLVED FURTHER THAT notwithstanding the above, in the absence of or inadequacy of profits in any financial year, Mr. M B Raju be paid the above remuneration as minimum remuneration in terms of proviso to Section II (A) of Part II of Schedule V of the Companies Act, 2013 as may be applicable to the Company from time to time."

14. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT in partial modification of Resolution No. 8 passed at the Annual General Meeting of the Company held on 7th August 2012 and pursuant Section 196, 197, 203 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification thereto from time to time or any re-enactment thereof for the time being in force) (the "Act") read with Schedule V to the said Act, and subject to such approvals and permission of any authority as may be necessary, consent of the members be and is hereby accorded for payment of remuneration to Ms. P Parvathi (DIN 00016597) as Managing Director of the Company as per the details as approved in the above referred resolution and as reproduced below, with effect from 1st April 2014 for remainder of duration of her appointment upto 31st March 2017.

1. Salary: ₹ 3,50,000/- per month with annual increment of ₹ 25,000/-.
2. Commission: @ 2 % of the net profits of the Company in each financial year computed in the manner laid down in Section 198 of the Companies Act, 2013.
3. Perquisites and Allowances:

I. Housing:

a. The expenditure incurred by the Company on hiring accommodation for the Managing Director shall be subject to a ceiling of 70% of salary, over and above 10% payable by the Managing Director herself.

b. Where accommodation in Company owned house is provided, the Managing Director shall pay to the Company by way of rent 10% of salary.

c. Where the Company does not provide accommodation to the Managing Director House Rent allowance may be paid by the Company in accordance with (a) above.

d. The expenditure incurred by the Company on gas, electricity, water and furnishing will be valued as per the Income Tax Rules, 1962. This will, however, be subject to a ceiling of 10% of salary of the Managing Director.

II. Medical Reimbursement:

Expenses incurred for self and family subject to a ceiling of one month's salary per year or three months' salary in a period of three years.

III. Leave Travel Concession:

For self and family once in a year incurred in accordance with the Rules specified by the Company.

IV. Club Fees:

Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed

V. Personal Accident Insurance:

For an amount as per the rules of the Company

VI. Other:

a. Company's contribution towards Provident Fund: subject to a ceiling of 12% of salary, as per rules of the Company.

b. Company's contribution towards Pension /Superannuation Fund: as per rules of the Company; such contribution to the Provident Fund shall not exceed 27% of salary.

c. Gratuity payable in accordance with an approved scheme and shall not exceed one half month's salary for each completed year of service.

Contribution to Provident fund and Superannuation fund to the extent they are exempted under the Income Tax Act, 1961 and encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. All long distance personal calls shall be duly logged and paid for by the Managing Director. Earned/Privilege Leave will be on full pay and allowances as per rules of the Company. Leave accumulated but not availed during her tenure may be allowed to be encashed as per the rules of the Company.

RESOLVED FURTHER THAT notwithstanding the above, in the absence of or inadequacy of profits in any financial year, Ms. P Parvathi be paid the above remuneration as minimum remuneration in terms of proviso to Section II(A) of Part II of Schedule V of the Companies Act, 2013 as may be applicable to the Company from time to time."

By Order of the Board

Place : Hyderabad
Date : 08.08.2014

S K Mishra
Company Secretary

NOTES

1) **A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and such proxy need not be a member of the Company. Proxies, in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. A Proxy Form is annexed to this Report.**

   Members are requested to note that a person can act as a proxy on behalf of Members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

2) An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting (AGM) is annexed hereto.

3) The Register of Members and Shares Transfer Book of the Company will be closed from 22nd September 2014 to 29th September 2014 (both days inclusive).

4) Members are requested to update their Bank Account particulars (viz. Account No., Name & Branch of the Bank and the MICR Code) to their DPs in case of shares held in electronic mode and to the Registrar and Share Transfer Agent in case of shares held in physical mode, for printing the same on dividend warrants.

5) Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members may contact the Company or the Company's Registrar and Transfer Agent for assistance in this regard.

6) Members who have not registered their email IDs, are requested to register the same.

7) Corporate Members intending to send their authorized representatives are requested to send

a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.

8) In terms of Clause 49(IV)(G) of the Listing Agreement, brief resumes of the Directors proposed to be appointed/reappointed at the Meeting are given in the annexure.

9) The Company has paid the Listing Fees for the year 2014-15 to both the Stock Exchanges where the equity shares of the Company are listed.

10) Relevant documents referred to in the notice are open for inspection at the Registered Office of the Company on all working days, during business hours up to the date of the Meeting.

11) Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company has made arrangement for providing the facility to vote at the AGM by electronic means. Members of the Company can transact all the items of the business through electronic voting system as contained in the Notice of the Meeting.

12) The Company has appointed Mr. Tumuluru Krishnamurthy, Practicing Company Secretary, failing him Mr. S.S. Marthi, Practicing Company Secretary, as Scrutinizer who will scrutinize the electronic voting process in a fair and transparent manner. The Scrutinizer shall within a period of three working days from the date of conclusion of e-voting period, submit his report of the votes cast in favour or against, to the Chairman of the Company. The Company has appointed Karvy Computershare Private Limited (KCPL) as the Agency for the purpose of facilitating the electronic voting.

13) The Results of the voting shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.deccancements.com and on the website of KCPL within two (2) days of passing of the resolutions at the AGM and communicated to the respective Stock Exchanges.

INSTRUCTION FOR E-VOTING

a. Use the following URL for e-voting from Karvy website: http://evoting.karvy.com

b. Shareholders of the Company holding shares either in physical form or in dematerialized form, as on 29th August 2014, the cut off date, may cast their vote electronically.

c. Enter the login credentials i.e., user id and password as provided by KCPL and enclosed with this Annual Report. Your Folio No/DP ID Client ID will be your user ID.

d. After entering the details appropriately, click on LOGIN.

e. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

f. You need to login again with the new credentials.

g. On successful login, the system will prompt you to select the EVEN (E-Voting Event Number) i.e. Deccan Cements Limited.

h. On the voting page, enter the number of shares as on the cut off date under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN.

i. Shareholders holding multiple folios/demat account shall choose the voting process separately for each folio/demat account.

j. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.

k. Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.

l. The Portal will be open for voting from 09.00 a.m. on 22nd September 2014 to 06.00 p.m. on 24th September 2014.

m. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download Section of http://evoting.karvy.com or contact Karvy Computershare Private Limited at Telephone No. 1800 345 4001 (toll free).

Explanatory statement under Section 102 of the Companies Act, 2013

Item 5 to 8:

The company had appointed Mr. Umesh Shrivastava, Dr. S A Dave, Mr. J Narayanamurty, Mr. K P Singh as independent directors at various times, in compliance with the requirement of the Clause 49 of the Listing Agreement and the erstwhile provisions of the Companies Act, 1956. The provisions of the Companies Act, 2013 read with Clause 49 of the Listing Agreement inter-alia stipulate the conditions for appointment of Independent Directors by a Listed Company.

Mr. Umesh Shrivastava, Dr. S A Dave, Mr. J Narayanamurty, Mr. K P Singh are not disqualified from being appointed as Directors in terms of the Section 164 of the Act and have given their consent to act as Independent Directors of the Company. Further they have also given declarations to the Board that they meet the criteria of Independence as provided under Section 149(6) of the Act and under Clause 49 of the Listing Agreement. In the opinion of the Board, each of these directors fulfils the conditions specified in the Act and the Rules framed thereunder for appointment as independent directors and they are independent of the management.

Brief resume of the proposed independent directors including their expertise in specific functional areas, qualification, names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding inter-se as stipulated under clause 49 of the Listing agreement with the stock exchanges are provided in the annexure to this notice.

The copy of the draft letter of appointment setting out the terms and conditions of appointment of the above Directors shall be open for inspection by the members at the Registered Office of the Company during normal business hours on working days upto the date of AGM.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointments, are concerned or interested, financially or otherwise, in these resolutions. The Board recommends the Ordinary Resolutions as set out at item no. 5 to 8 for approval of the Members.

Item No. 9:

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Aruna Prasad & Company, Cost Accountants the Cost Auditors to conduct the audit of the cost accounting records of the Company for the Financial Year ending 31st March 2015 at a remuneration of ₹ 60,000/- (Rupees Sixty Thousand only) plus reimbursements out of pocket expenses. As per Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 9 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March 2015.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 9 of the Notice for approval of the shareholders.

Item No. 10 & 11:

In compliance with the requirements of Section 293 (1) (d) and 293 (1) (a) of the Companies Act, 1956 the shareholders had, in the Annual General Meeting held on 25th July 2007, authorized the Company to borrow (other than temporary borrowings) sums in excess of paid up share capital and free reserves of the Company subject to a ceiling ₹ 400 Crore and also to create charge on the assets of the Company.

Section 180 of the Companies Act, 2013 (notified on 12th September 2013) mandates that the aforementioned powers of the Board shall be exercised only through Special Resolution of shareholders as compared to the requirement of ordinary resolution under the previous Act.

Consequently, the Board recommends to the shareholders to pass special resolutions under Section 180(1)(c) and Section 180(1)(a) of the Companies Act, 2013, without altering the borrowing limits already approved by way of ordinary resolution earlier.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions.

Item No. 12:

Pursuant to the provisions of Section 309 of the Companies Act, 1956, the members by means of a special resolution at the Annual General Meeting of the Company held on 25th July 2007 had approved for payment of commission to non-whole time directors of the company at a rate not exceeding 1% of the net profits of the Company subject to a limit of ₹ 5,00,000/- per annum for a period of five years.

Pursuant to the provisions of Section 197 of the Companies Act, 2013 it is proposed to continue with payment of commission to non-whole time directors at the same rate i.e. not exceeding 1% of the net profits of the Company subject to limit of ₹ 5,00,000/- per annum for another period of five years till 31st March 2017. Accordingly approval of the members is requested for the payment of commission to all the non-whole time directors of the Company in compliance with Sections 197, 198 and other applicable provisions of the Companies Act, 2013.

All the Non-Whole Time Directors of the Company are interested in the above resolution to the extent of commission payable to them in accordance with the proposed resolution. Mr. M B Raju, Executive Chairman shall deemed to be concerned or interested in the resolution as a relative to Mr. P Venugopal Raju.

None of the Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution.

The Board recommends the Special Resolution set out at Item No. 12 of the Notice for approval of the shareholders.

Item No. 13:

Pursuant to Section 198, 269, 309, 310 and all other provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 Mr. M B Raju was re-appointed as Executive Chairman of the Company for a period of 5 (five) years with effect from 1st April 2012 by way of a special resolution passed at the Annual General Meeting of the Company held on 7th August 2012 and as per the terms of such appointment, was not liable to retire by rotation.

The provisions of the Companies Act, 2013 including provisions in relation to appointment of directors have come into force with effect from 1st April 2014. In accordance with Section 152(6) of the Companies Act, 2013, the period of office of at least two-third Directors of the Company shall liable to determination by retirement by rotation. Since the provisions of Section 152(6) are not applicable to Independent Directors, to ensure compliance with the provisions of Section 152(6), it is proposed that the terms of appointment of Mr. M B Raju be amended to provide that his office shall be liable to retire by rotation.

Further the shareholders at the above referred annual general meeting has also approved for payment of remuneration to Mr. M B Raju, Executive Chairman and commission of 2% of Net profit of the Company per annum. As the provisions of Section 196, 197 of the Companies Act, 2013 and Schedule V to the said Act have come into effect from 1st April 2014, now it is proposed to get the payment of remuneration approved by the shareholders including the payment of minimum remuneration in case of no or inadequate profit for remainder of duration of his appointment upto 31st March 2017. Disclosure as required under Schedule V to the Companies Act, 2013 is given in the Annexure to this Notice.

The details of Mr. M B Raju in pursuance of the provisions of the Listing Agreement are mentioned in the Annexure.

Mr. M B Raju shall be deemed to be concerned or interested in the resolution to the extent of remuneration payable to him under the resolution and Ms. P Parvathi, Managing Director and Mr. P Venugopal Raju, Director are interested in the resolution as relatives to Mr. M B Raju.

None of the other Directors, Key Managerial Personnel and their relatives are concerned or interested in the resolution.

The Board recommends the relevant resolution for your consideration and approval as Special Resolution.

Item No. 14:

Pursuant to Section 198, 269, 309, 310 and all other provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956, by way of a special resolution passed at the Annual General Meeting of the Company held on 7th August 2012, Ms. P Parvathi was re-appointed as Managing Director of the Company for a period of 5 (five) years with effect from 1st April 2012 with payment of remuneration and commission of 2% of Net profit of the Company per annum.

As the provisions of Section 196, 197 of the Companies Act, 2013 and Schedule V to the said Act have come into effect from 1st April 2014, now it is proposed to get the payment of remuneration approved by the shareholders including the payment of minimum remuneration in case of no or inadequate profit for remainder of duration of her appointment upto 31st March 2017. Disclosure as required under Schedule V to the Companies Act, 2013 is given in the Annexure to this Notice.

The details of Ms. P Parvathi in pursuance of the provisions of the Listing Agreement are mentioned in the Annexure.

Ms. P Parvathi shall be deemed to be concerned or interested in the resolution to the extent of remuneration payable to her under the resolution and Mr. M B Raju, Executive Chairman is interested in the resolution as a relative to Ms. P Parvathi.

None of the other Directors, Key Managerial Personnel and their relatives are concerned or interested in the resolution.

The Board recommends the relevant resolution for your consideration and approval as Special Resolution.

By Order of the Board

Place : Hyderabad
Date : 08.08.2014

S K Mishra
Company Secretary

ANNEXURE TO THE NOTICE

Details of Directors seeking appointment/re-appointment at the Annual General Meeting

Particulars	**Mr. P Venugopal Raju**	**Mr. Umesh Shrivastava**
Date of Birth	21/11/1959	15/09/1933
Date of Appointment	22/09/1996	21/8/1981
Qualification	Chartered Accountant with PG qualification in Management from Massachusetts Institute of Technology, USA.	B.E from Banaras Hindu University.
Brief resume and expertise in specific functional area	Over 25 years experience in industry- Real Estate and Building Construction and other business activities.	Eminent Cement Technologist, with over 4 decades experience in Cement Industry and Consulting.
Directorships in other companies	• DCL Information Technologies Ltd. • DCL Securities Ltd. • Vibrant Developers Pvt. Ltd.	• Holtec Consulting Pvt. Ltd. • NECEM Cements Ltd.
Chairmanship/Membership of committees of other companies	NIL	NECEM Cements Ltd. • Audit Committee – Member • Investors' Grievance Committee – Member
Shareholding in the company	300 equity shares (0.001%)	3580 equity shares (0.05%)

Details of Directors seeking appointment/re-appointment at the Annual General Meeting (Contd...)

Particulars	Dr. S A Dave	Mr. J Narayanamurty	Mr. K P Singh
Date of Birth	03/08/1936	10/10/1942	28/12/1947
Date of Appointment	12/08/2011	23/06/2009	28/05/2010
Qualification	Doctorate in Economics with Masters Degree from the University of Rochester, USA	M.A. and CAIIB Certificate	M.A. – University of Delhi
Brief resume and expertise in specific functional area	Former Chairman of Securities and Exchange Board of India (SEBI) and the United Trust of India (UTI). Currently he is the Chairman of Centre for Monitoring Indian Economy and Director on the boards of many prominent companies in India.	Retired General Manager of IDBI with over 40 years of rich experience in Project Financing, Implementations and Monitoring.	IAS Officer (Retd.) having worked in several capacities in the Central as well as State Governments, including as Chairman of Karnataka Electricity Board; as Secretary, Defence Production; and as Secretary, Internal Security & Intelligence.
Directorships in other companies	• HDFC Ltd. • Centre For Monitoring Indian Economy Pvt. Ltd. • Ankar Capital India Pvt. Ltd. • Phoenix Township Ltd. • India Value Fund Trustee Co. Pvt. Ltd. • Indo-National Ltd. • Shrenuj and Co. Ltd. • SBI DFHI Ltd. • Escorts Ltd. • IVF Trustee Co. Pvt. Ltd. • HDFC Standard Life Insurance Co. Ltd. • HDFC Pension Management Co. Ltd.	Dyna Vision Ltd.	• Shree Bhavani Infracon Pvt. Ltd. • Aqua Energy Pvt. Ltd.
Chairmanship/ Membership of committees of other companies	**Audit Committee** • HDFC Ltd. (Chairman) • Escorts Ltd. • Indo-National Ltd. • Phoenix Township Ltd. • Shrenuj & Co. Ltd. } Member **Stakeholders Relationship Committee** • Escorts Ltd. • HDFC Ltd. } Member	Nil	Nil
Shareholding in the company	Nil	Nil	Nil

Note: For Mr. M B Raju and Ms. P Parvathi, the details are provided under Schedule V information of the notice.

Information as per Part II Section II of Schedule V of the Companies Act, 2013 for Item No. 13 & 14

I. General Information

(1) Nature of Industry:
The Company is engaged in the Manufacturing and selling of Cements.

(2) Date of Commencement of Commercial Production:
7th November 1979

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:
Not Applicable

(4) Financial Performance based on given indicators: **(₹ In Lakh)**

Particulars	2013-14	2012-13	2011-12
Sales and other income	39338.95	50212.33	51327.73
Profit before depreciation, interest.	5939.28	6791.98	11906.76
Depreciation and amortization	2440.09	2464.75	2468.63
Interest and Finance Charges	2734.64	3068.52	4056.90
Profit / (loss) before exceptional items and tax	764.55	1258.71	5381.23
Net profit after tax	502.35	731.32	4776.27
Dividend on Equity in %	12%	20%	30%

(5) Foreign investments or collaborations, if any:
There is no direct foreign investment in the company except to the extent shares held by Foreign Institutional Investors (FII) acquired through secondary market. There is no foreign collaboration in the Company.

II. Information about the appointees:

Particulars	Mr. M B Raju	Ms. P Parvathi
Date of Birth	28/12/1939	26/08/1965
Date of Appointment	31/07/1979	29/06/1993
Qualification	B.E Mechanical – Andhra University	M. Com – Osmania University
Directorships in other companies	• DCL Information Technologies Ltd. • K V K Raju International Leadership Academy	• DCL Information Technologies Ltd. • Melvillie Finnvest Ltd. • Satyasai Investments and Leasing Ltd. • DCL Exim Pvt. Ltd.
Chairmanship/Membership of committees of other companies	Nil	Nil
Background	Founder of DCL. Honors' Graduate in Mechanical Engineering. Technocrat Entrepreneur and eminent Industrialist, with more than 46 years experience in the Cement Industry.	Post Graduate in Commerce, with more than 26 years experience in business and commerce, most part of which has been in the Cement Industry.
Past Remuneration	₹ 102.77 Lakh for the Financial Year 2013-14	₹ 89.57 Lakh for the Financial Year 2013-14

Recognition or Awards	• Recipient of the 'Best Entrepreneur for the Year' award presented by the Hyderabad Management Association for the year 1991. • Award for 'Best effort on Environmental improvement in Industries located in the State' received from the Federation of Andhra Pradesh Chamber of Commerce for the year 1996-97.	-
Job Profile and his suitability	He is responsible for overall day to day management of the company under the supervision and control of the Board of Directors of the Company.	She is responsible for overall day to day management of the company under the supervision and control of the Board of Directors of the Company.
Remuneration Proposed	The remuneration proposed is detailed in the resolution.	The remuneration proposed is detailed in the resolution.
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The proposed remuneration is at par with the prevailing remuneration in the industry of similar size for similarly placed persons.	The proposed remuneration is at par with the prevailing remuneration in the industry of similar size for similarly placed persons.
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel	He is one of the Promoter and Shareholder of the Company. He is father of Ms. P Parvathi, Managing Director and father in law of Mr. P Venugopal Raju, Non-Executive Director. He has no pecuniary relationship with other director or managerial personnel of the company.	She is part of the Promoter Group Shareholder of the Company. She is daughter of Mr. M B Raju, Executive Chairman of the Company. She has no pecuniary relationship with other Directors or managerial personnel of the company.

III. Other Information:

(1) Reasons of loss or inadequate profits:

- General economy slowdown of the country at large.
- Demand for Cement has been declining for last few years.
- Excessive installed capacity and aggressive competition from other players.

(2) Steps taken or proposed to be taken for improvement:

- Creation of new market.
- Reduced fuel consumption.
- To establish more strong dealer and direct user networks and expertise in producing various grades and varieties of cement.

(3) Expected increase in productivity and profits in measurable terms:

The Company is very conscious about improvement in productivity and undertakes constant measures to improve it. However, it is extremely difficult in the present scenario of the economy to predict profits in measurable terms.

IV. Disclosures:

The remuneration package of all the managerial persons is given in the respective resolutions. Other information are provided under Report on Corporate Governance.

DIRECTORS' REPORT

Dear Shareholders,

The Directors of your company are glad to present the 34th Annual Report together with the Audited Financial Statements of the Company for the Financial Year ended 31st March 2014.

Financial Results

The Financial Results for the year ended 31st March 2014 are summarized below:

(₹ in Lakh)

Particulars	2013-14	2012-13
Net Sales	**39082.48**	49914.76
Other Income	**256.47**	297.57
Total	**39338.95**	50212.33
Profit before Depreciation and Finance Charges	**5939.28**	6791.98
Less: Depreciation	**2440.09**	**2464.75**
Interest and Bank Charges	**2734.64**	**3068.52**
Profit before Tax and Prior period items	**764.55**	1258.71
Less: Provision for Taxation	**152.94**	251.72
Deferred Taxation	**136.47**	241.29
Prior year Tax adjustments	**0.00**	19.15
Wealth Tax	**15.23**	15.23
MAT Credit entitlement	**(42.44)**	-
Net Profit after Tax	**502.35**	731.32
Profit brought forward from previous year	**16067.65**	15555.07
Profit available for Appropriation	**16570.00**	16286.39
Appropriations		
Proposed Dividend	**84.05**	140.08
Dividend Tax	**14.28**	23.81
Transfer to Reserve	**12.56**	54.85
Balance Retained	**16459.11**	16067.65

Results of Operations

Net sales of the Company for the year under review stood at ₹ 39082.48 Lakh as compared to previous year sales of ₹ 49914.76 Lakh and the profit of the Company for the current year witnessed as ₹ 502.35 Lakh as compared to the previous year profit of ₹ 731.32 Lakh. The cement industry in South India continued to face depressed market conditions, lower capacity utilization and lower realizations due to excessive supply.

Dividend

In consonance with the company's policy of rewarding its shareholders on a consistent basis, your directors are pleased to recommend a dividend of ₹ 1.20 per equity share i.e. 12% dividend on the Equity Share Capital of the Company, for the approval of the Members in the ensuing annual general meeting. The cash outflow for dividend, if declared as above, for the year ended 31st March 2014 will be ₹ 84.05 Lakh and dividend distribution tax of ₹ 14.28 Lakh. In the previous year ended 31st March 2013 dividend amount was ₹ 140.08 Lakh and dividend distribution tax was ₹ 23.81 Lakh.

Your directors propose to transfer ₹ 12.56 Lakh to Reserves in compliance with the provisions of the Companies (Transfer of Profit to Reserves) Rules, 1975.

Capital Structure

During the Financial year under review, there was no change in the Share Capital of the Company.

Fixed Deposits

During the year under review, the company has launched a fixed deposit scheme and accepted deposits under the scheme. The aggregate amount of Deposits accepted by the Company as at 31st March 2014 stood at ₹ 940.25 Lakh. The position as on 31st March 2013 was nil.

Management Discussion and Analysis Report

A report on the Management Discussion and Analysis is annexed to and forms part of this Report.

Corporate Governance

The Company's Report on Corporate Governance is attached to and forms part of this Report. Certificate from the Statutory Auditors of the Company M Bhaskara Rao

& Co., Chartered Accountants confirming the compliance with the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement is attached to this Report.

Transfer to Investor Education and Protection Fund

During the year, the Company has transferred a sum of ₹ 1,97,935/- the unclaimed/unpaid dividend amount of the financial year 2005-06, to the Investor Education and Protection Fund (IEPF) in compliance with applicable provisions of Section 205C of the Companies Act, 1956. Further the unclaimed/unpaid amount relating to the Financial Year 2006-07 is due for transfer to the IEPF. The year-wise details of unclaimed dividend are uploaded to IEPF portal of Ministry of Corporate Affairs (MCA) and as well as available in the website of the Company at www.deccancements.com. Shareholders are advised to check their unpaid / unclaimed dividend status and contact the Company for encashment of the same if, depicting unpaid.

Directors' Responsibility Statement

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, relating to Directors' Responsibility Statement, your Directors, confirm that:

1. in preparation of the Annual Accounts for the year ended 31st March 2014, the applicable Accounting Standards have been followed and there are no material departure;
2. 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 as on 31st March 2014 and of the profit of the Company for the year ended on that date;
3. the Directors have taken proper and sufficient care to the best of their knowledge for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Directors have prepared the accounts for the year ended 31st March 2014 on a going concern basis.

Directors

Pursuant to Section 152 of the Companies Act, 2013 Mr. P Venugopal Raju, Director is liable to retire by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

Pursuant to Section 149 and 152 of the Companies Act, 2013 and the Rules thereunder read with Schedule IV of the Act, the independent directors (Mr. Umesh Shrivastava, Dr. S A Dave, Mr. J Narayanamurty and Mr. K P Singh) are proposed to be appointed for a period of 5 years from the date of ensuing annual general meeting. Accordingly, resolutions proposing their appointment form part of the notice of the ensuing annual general meeting.

Further in compliance with the provisions of Section 152 of the Companies Act, 2013 it is also proposed to make the office of Mr. M B Raju, Executive Chairman liable to retire by rotation. A resolution in this respect forms of the notice calling the ensuing annual general meeting.

Statutory Auditors

The Statutory Auditors of the Company M Bhaskara Rao & Co., Chartered Accountants, will retire at the ensuing Annual General Meeting of the Company and are eligible for re-appointment. They have sought re-appointment and have confirmed that their appointment, if made, shall be within the limits laid down under Section 141 of the Companies Act, 2013.

M Bhaskara Rao & Co., Chartered Accounts are recommended for appointment as Statutory Auditors of the Company for a period of three (3) years starting from the Financial Year 2014-15 subject to ratification by members in the annual general meetings.

Cost Auditors

Aruna Prasad & Co., Cost Accountants, have been appointed by the Board of Directors as Cost Auditor of the Company for the financial year 2014-15 subject to ratification of the proposed remuneration, by the shareholders of the Company in the ensuing annual general meeting.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under 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 are annexed in Form A and Form B to this Report.

Particulars of Employees

Particulars required pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are annexed and forms part of this Report.

Corporate Social Responsibility

Your Company not only focuses to be a pioneer in its business and in the industry but also understands its responsibility towards the environment and people in and around it. Few of the social responsibilities carried out by the company during the financial year were:

- Free education up to 10th standard to children from neighboring villages in DCL High School;
- Provision of free medical facilities and first-aid medicines to neighboring villagers;
- Free of cost supply of drinking water supply to nearby neighboring village on a regular basis and particularly in during summer months.

As per requirements of Section 135 of the Companies Act, 2013 and the rules thereunder a committee of Board of Directors named Corporate Social responsibility (CSR) Committee has been constituted. Other actions for implementation of CSR in the Company have been initiated, details of which will be forming part of board's report starting from the Financial Year 2014-15.

Acknowledgement

Your Directors take this opportunity to express their gratitude to Central and State Governments and their departments and the local authorities, the Banks, Dealers, Stockists and Customers for their continued guidance and support to the Company during the year under review.

Your Directors place on record their sincere appreciation for significant contribution made by the employees through their dedication, hard work and commitment. Despite severe competition, the enthusiasm and unstinting efforts of the employees have enabled the Company to remain amongst the well performing units of the industry.

Your Directors are also grateful to the shareholders for their confidence and faith reposed in the Company.

For and on behalf of the Board

Place : Hyderabad
Date : 08.08.2014

M B Raju
Executive Chairman

Annexure to Directors' Report

A. Conservation of Energy

FORM A
(See Rule 2)

Disclosure of Particulars with Respect to Conservation of Energy

	Current year 2013-14	Previous year 2012-13
I) Power and Fuel Consumption		
1) Electricity		
(a) Purchased:		
Unit: (KWH - Lakh)	**218.14**	143.03
Total Amount (₹ in Lakh)	**1808.65**	853.65
Average rate per unit (₹)	**8.29**	5.96
(b) Own Generation		
(i) Through diesel generator:		
Units Generated (KWH - Lakh)	**0.12**	0.03
Total Amount (₹ in Lakh)	**4.81**	1.30
Rate per unit (₹)	**38.73**	46.00
Units per Liter of Diesel Oil (₹)	**1.61**	1.71
(ii) Captive Power Plant:		
Units Generated (KWH - Lakh)	**850.47**	1215.07
Total Amount (₹ in Lakh)	**4486.75**	6197.54
Rate per unit (₹)	**5.28**	5.10
2) Coal (C & D Grade): Used as fuel in kiln		
Quantity (Million K Cal)	**708579**	905599
Total Cost (₹ in Lakh)	**8976.31**	12762.05
Average Rate (₹/Million K Cal)	**1266.81**	1409.23
II) Power and Fuel consumption per unit of production		
Electricity (KWH/Tonne of Cement)	**90**	84
Coal (%)	**15.80**	16.83

B. Technology Absorption

FORM B
(See Rule 2)
Disclosure of Particulars with respect to Technology Absorption

a) Research & Development (R&D) : Not Applicable

b) Technology Absorption, Adaption and Innovation : Not Applicable

C. Foreign Exchange Earnings and Outgo

a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans:

The Company presently has no export business on hand.

b) Total foreign exchange used and earned: **(₹ in Lakh)**

Particulars	**Current Year 2013-14**	Previous Year 2012-13
Used	29.72	104.38
Earned	Nil	Nil

Information as per Section 217 (2A) of The Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the Year ended 31st March 2014.

Name, age and qualification	Designation	Date of commencement of employment	Experience in years	Remuneration (₹ in Lakh)	Last Employment
Mr. M B Raju 74 Years B.E.	Executive Chairman	31.07.1979	51	102.77	Chairman and Managing Director, DCL Polyesters Limited
Ms. P Parvathi 48 Years M. Com.	Managing Director	01.07.1998	25	89.57	Deputy Manager-Secretarial, DCL Polyesters Limited

1. Remuneration includes salary, company's contribution to provident fund, superannuation fund and group gratuity scheme, reimbursement of medical expenses and other perquisites.

2. Mr. M B Raju, Executive Chairman and Ms. P Parvathi, Managing Director are related to each other in terms of provision of the Companies Act, 2013.

For and on behalf of the Board

Place : Hyderabad
Date : 08.08.2014

M B Raju
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Company's performance for the year ended 31st March 2014 and the Management's view on the future outlook are detailed below:

Industry structure and developments

Cement industry plays a vital role in the growth and development of the Country and Economy. However during the last 2-3 years growth has been stagnating because of policy paralysis, lack of focus on development and delay in implementation of various projects in infrastructure, industrial and other sectors. With delay in stimulus packages coupled with a slowdown in construction activity, lower spending in infrastructure, real estate, housing schemes and yojanas, the growth has slipped in cement industry. While growth in cement consumption in 2013-14 was not at all encouraging, there is hope of recovery in the ongoing fiscal because of political stability both at the centre and state, expected revival in the economy in general and the construction sector in particular.

The Government of India plans to increase its investment in infrastructure to US $ 1 trillion in the Twelfth Five Year Plan (2012-17) as compared to US $ 514 billion expected to be spent on infrastructure development under the Eleventh Five Year Plan (2007-12). The company is also optimistic and expects demand of cement will improve during the Twelfth Five Year Plan. Moreover a strong and stable government has been formed at the centre providing a big push to the economy.

Opportunities and threats

Infrastructure projects such as the dedicated freight corridors, new air and seaport, housing sector, road transport and highways etc. provide significant opportunities to cement sector. It is to note that satellite towns are seeing significant housing demand, on back of lower land cost and is expected to drive cement demand. All this brings about a tremendous scope for the cement industry in the country.

Cement is a commodity business and sales volumes mostly depend upon the distribution reach of the company. We have established strong dealer and direct user networks and expertise in producing various grades and varieties of cement over the years.

The cement industry in India faces number of regulatory issues such as land acquisition, obtaining mining rights, obtaining environment clearance and process, lack of clarity in the policies etc. which should be simplified by the Government. The demand-supply situation, shortage of coal, volatile fuel prices, freight charges, labour cost etc. have affected the selling price and put the margin under pressure.

Outlook

The Indian cement sector is expected to witness positive growth in coming years. It depends on government to push investment in infrastructure projects, policy changes that are necessary to speed up. Lower demand, pricing pressures and increase in cost resulted in muted performance of cement companies.

Cement demand across the country during the year continued with sluggish demand. Non-availability of sand, an important material in building construction lead to slowdown in the infrastructure segments, construction and housing sector and has impacted in the performance of cement sector. Cement industry has witnessed massive capacity additions during the past five years which has resulted in significant pressure on price realization and also on capacity utilization. if the slowdown, overall sluggishness and lowering volumes continues for an extended period, it would deeply impact the growth in consumption of cement.

Risks and concerns

Your company does not perceive any serious risk or concern apart from the normal business areas of risks connected with the cement industry in general, few of which are:

- Risk associated with lower capacity utilisation
- Coal supplies and its prices.
- Transportation costs both for input materials and finished goods.
- Changes in Government policies.
- Labour / manpower risk.
- Finance and interest rate risks.

Internal control systems and their adequacy

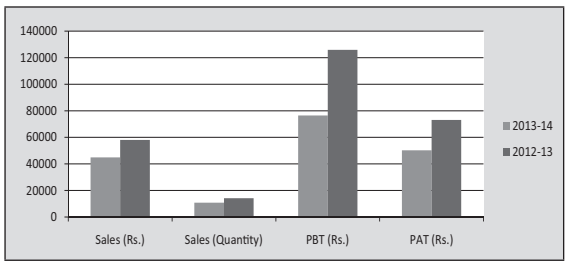
Your company has an appropriate and sound internal control system for the business process, with regard to efficiency in operations, financial reporting and controls, compliance with applicable laws and regulations etc. The system has a process designed to take care of various

control and audit requirements which ensures that all the assets are protected against loss from unauthorized use and all the transactions are recorded and reported correctly.

An external independent agency of chartered accountants has been appointed as internal auditor to independently audit the Company's accounts and operations. Regular internal audit and checks are carried out to ensure the robustness of the systems. The internal auditor submits their reports to the Audit Committee of the Board of Directors. The committee also reviews the adequacy and effectiveness of internal control systems and suggests improvement as and when required.

Financial and operational performance

The revenue generated from operations for the year 2013-14 is ₹ 44878.99 Lakh against ₹ 58056.19 Lakh in the previous year. In terms of quantity 1079177 MT of cement were sold during the year 2013-14 as compared to 1418173 MT sold in the previous year.



The profit before tax of the company for the year 2013-14 stood at ₹ 764.55 Lakh as compared to ₹ 1258.71 Lakh in the previous year. The outgo on interest is ₹ 2657.21 Lakh as against ₹ 2958.69 Lakh in the previous year. The profit after tax for the year was ₹ 502.35 Lakh against ₹ 731.32 Lakh in the previous year. The profit after tax for the year was ₹ 502.35 Lakh against ₹ 731.32 Lakh in the previous year. The year under review has witnessed a significant reduction in terms of both quantities of cement sold as well as the turnover and profitability parameters. However, inspite of such reduction, the Company's performance can be considered reasonably good among its peers operating from southern part of the Country.

Human resources & industrial relations

The Company believes that human resources are very important and valuable asset. The company continues to maintain and enjoy a cordial relationship with its employees and staff, providing a positive environment to improve efficiency, encourages performance oriented culture through employee appraisal systems leading up to succession planning, training needs, skill and capability enhancement programs. As on 31st March 2014 the Company has 327 employees working in its units and various offices.

Cautionary statement

Statements in the "Management Discussion & Analysis Report" 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, 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.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance strive to meet its business objectives efficiently and accomplishing its responsibility towards its stakeholders. 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.

The Company believes that 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.

2. BOARD OF DIRECTORS

a. Composition of the Board

The Board comprises of seven directors of whom two are executive and five are non-executive directors. The composition of the Board is in conformity with the requirements of the Listing Agreement.

Pursuant to provisions of Clause 49 of the Listing Agreement all the Board Members have disclosed about the board and committee positions held by them in other companies as given below:

Name of the Director	Status	No. of outside Directorships	*No. of Committee Position held	
			Chairman	Member
Mr. M B Raju	Executive Chairman	2	-	-
Mr. Umesh Shrivastava	Independent and Non-Executive Director	2	-	3
Dr. S A Dave	Independent and Non-Executive Director	12	2	6
Mr. J Narayanamurty	Independent and Non-Executive Director	1	1	1
Mr. K P Singh	Independent and Non-Executive Director	2	-	-
Mr. P Venugopal Raju	Non-Executive Director	3	-	1
Ms. P Parvathi	Managing Director	4	-	1

*Only membership/chairmanship in Audit & Shareholders/Investors Grievance Committee of all public limited companies whether listed or not including Deccan Cements Limited are considered.

Appointments of Directors on various committees are 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 financial results.

The Board of Directors of your company met 4 (Four) times during the year 2013-14 on 21st May 2013, 14th August 2013, 12th November 2013 and 14th February 2014 to transact various businesses. During the year the Company also held the 33rd Annual General Meeting (AGM) on 14th August 2013.

Following table displays attendance of Directors in the Board Meeting and Annual General Meeting held during year 2013-14:

Name of the Director	No. of Board Meetings attended	Attendance at the Last Annual General Meeting
Mr. M B Raju	3	Yes
Mr. Umesh Shrivastava	4	Yes
Dr. S A Dave	4	Yes
Mr. J Narayanamurty	3	Yes
Mr. K P Singh	4	Yes
Mr. P Venugopal Raju	4	Yes
Ms. P Parvathi	4	Yes

c. Code of Conduct

The Company has adopted a Code of Conduct as required under Clause 49(I)(D) of the Listing Agreement with the Stock Exchanges. The Board of Directors has laid down Code of Conduct for the Directors and Senior Management Personnel of the Company. This code is posted on the Company's website at www.deccancements.com. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year under review. Declaration to this effect signed by the Managing Director is annexed to this report.

d. Committees of the Board

In order to carry out the responsibilities & decision making more smoothly and in prudent manner the Board has formed 4 committees. The decisions and recommendations of the Committees are placed before the Board for information. The Committees are:

a) Audit Committee

b) Nomination and Remuneration Committee

c) Share Transfer and Stakeholders' Relationship Committee

d) Corporate Social Responsibility Committee

3. AUDIT COMMITTEE

The Audit Committee of the Company is constituted pursuant to the provisions of the Companies Act, 1956 and the Listing Agreements entered with the Stock Exchanges. The Audit Committee comprised of three non-executive directors, two of them are independent.

During the year 2013-14 the Audit Committee met 4 (Four) times on 21st May 2013, 14th August 2013, 12th November 2013 and 14th February 2014. The following table displays the attendance of the members in the meetings of the Audit committee.

Name of the Director	Designation	No. of Meetings attended
Mr. J Narayanamurty	Chairman	3
Mr. Umesh Shrivastava	Member	4
Mr. P Venugopal Raju	Member	4

For Audit Committee meetings, the Statutory and Internal Auditors are invited and are generally attended by the Senior Management Executives of the Company. The Company Secretary acts as Secretary of the Audit Committee.

The Board of Directors at its meeting held on 20th May 2014 amended the terms of reference the Audit Committee to make the same in line with the provisions of Section 177 of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement. The terms of reference of the Audit Committee are broadly as follows:

a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;

c. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

d. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

   i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report

   ii. Changes, if any, in accounting policies and practices and reasons for the same

   iii. Major accounting entries involving estimates based on the exercise of judgment by management

   iv. Significant adjustments made in the financial statements arising out of audit findings

   v. Compliance with listing and other legal requirements relating to financial statements

   vi. Disclosure of any related party transactions

   vii. Qualifications in the draft audit report

e. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

f. Review and monitor the auditor's independence and performance, and effectiveness of audit process;

g. Approval or any subsequent modification of transactions of the company with related parties;

h. Scrutiny of inter-corporate loans and investments;

i. Valuation of undertakings or assets of the company, wherever it is necessary;

j. Evaluation of internal financial controls and risk management systems;

k. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

l. Reviewing the adequacy of internal audit function,

m. Discussion with internal auditors of any significant findings and follow up there on.

4. NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors at its meeting held on 20th May 2014 changed the name of the Remuneration Committee to Nomination and Remuneration Committee and amended its terms of reference to make the same in line with the provisions of Section 178 of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement. The terms of reference of the Nomination and Remuneration Committee are broadly as follows:

a. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

b. Formulation of criteria for evaluation of Independent Directors and the Board;

c. Devising a policy on Board diversity;

d. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

e. Such other matters that may be authorised by the Board from time to time.

The following table displays the constitution and attendance of the members in the meeting of the Committee held on 14th August 2013:

Name of the Director	Designation	No. of Meeting attended
Mr. Umesh Shrivastava	Chairman	1
Mr. J Narayanamurty	Member	1
Mr. K P Singh	Member	1
Dr. S A Dave	Member	1

Non-Executive Directors Compensation and Disclosures

Non-Executive Directors have been paid sitting fees for their attendance at the Board/Committee meetings and Commission on profits at such rates as determined by the Shareholders.

Details of Sitting Fees paid & Commission payable to the Non-Executive Directors for the Year 2013-14

Name of the Director	Sitting Fees (₹)	Commission (₹)
Mr. Umesh Shrivastava	25,000/-	1,00,000/-
Dr. S A Dave	25,000/-	1,00,000/-
Mr. J Narayanamurty	22,000/-	1,00,000/-
Mr. K P Singh	21,000/-	1,00,000/-
Mr. P Venugopal Raju	24,000/-	1,00,000/-

The Non-Executive Directors are collectively entitled for a Commission @ 1% of the net profits of the Company, subject to an overall ceiling of ₹ 500,000/- (Rupees Five Lakh only).

Remuneration to Executive Directors

Details of Remuneration paid to the Executive Directors during the Financial Year 2013-14 **(₹ in Lakh)**

Name of the Director	Salary	Perquisites & Other Benefits	Total
Mr. M B Raju	48.00	54.77	102.77
Ms. P Parvathi	42.00	47.57	89.57

5. SHARE TRANSFER & STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Board of Directors at its meeting held on 20th May 2014 changed the name of the Share Transfers & Investors' Relation Committee to Share Transfer & Stakeholders' Relationship Committee and amended its terms of reference to make the same in line with the provisions of Section 178 of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement.

During the year 2013-14 the Committee met 4 (Four) times on 21st May 2013, 14th August 2013, 12th November 2013 and 14th February 2014. The following table displays the constitution and attendance of the members in the meetings of the Committee:

Name of the Director	Designation	No. Meetings attended
Dr. S A Dave	Chairman	4
Mr. J Narayanamurty	Member	3
Ms. P Parvathi	Member	4

Mr. S K Mishra, Company Secretary is the Compliance Officer of the Company.

Details of Complaints received and resolved during the year 2013-14

Nature of Complaints	Received and Resolved	Pending
Non-receipt Dividend Warrants	5	NIL
Non-receipt of Annual Report	1	NIL

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Pursuant to Section 135 of the Companies Act, 2013 the Board of Directors at its meeting held on 20th May 2014 has constituted the Corporate Social Responsibility (CSR) Committee with following directors as its members:

Name of the Director	Designation
Mr. K P Singh	Chairman
Mr. P Venugopal Raju	Member
Ms. P Parvathi	Member

7. GENERAL BODY MEETINGS

Date, location and time of the last three Annual General Meetings of the Company are given below:

Financial Year	AGM No.	Date	Time	Place	*Special Resolutions passed at the 32nd AGM
2012-13	33rd	14th Aug 2013	10:00 AM	Bhaskara Auditorium Birla Museum Adarsh Nagar HYDERABAD -500 063	1. Reappointment of Executive Chairman of the Company, fixing the Remuneration and other terms. 2. Reappointment of Managing Director of the Company, fixing the Remuneration and other terms.
2011-12	32nd	7th Aug 2012			
2010-11	31st	12th Aug 2011			

*No special resolution passed in the 31st and 33rd AGM.

- All the resolutions set out in the respective notices were passed by the Shareholders.
- No Extra-Ordinary General meeting was held during the Financial Year 2013-14.
- There was no requirement of passing any resolution through postal ballot.

8. DISCLOSURES

a. None of the business transactions with any of the related parties was in conflict with the interests of the Company during the financial year 2013-14.

b. During the last three years there were no strictures or penalties imposed by either the SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

c. The Company at present does not have a formal whistle blower mechanism in place and are being reviewed for implementation. However no personnel has been denied access to the audit committee.

d. The Company has complied all the mandatory requirements of Clause 49 of the Listing Agreement. Non-mandatory requirements except for Remuneration Committee have not been adopted and are being reviewed for implementation.

9. MEANS OF COMMUNICATION

a. Quarterly financial results of the Company are forwarded to the Stock Exchanges and published in Business Standard (national) and Andhra Prabha (regional) newspapers in line with the Listing Agreement requirements.

b. The Financial Results and other the official news of the Company are displayed on the Company's website www.deccancements.com.

c. The Company has not made any presentations to any Institutional Investors / Analysts during the last financial year.

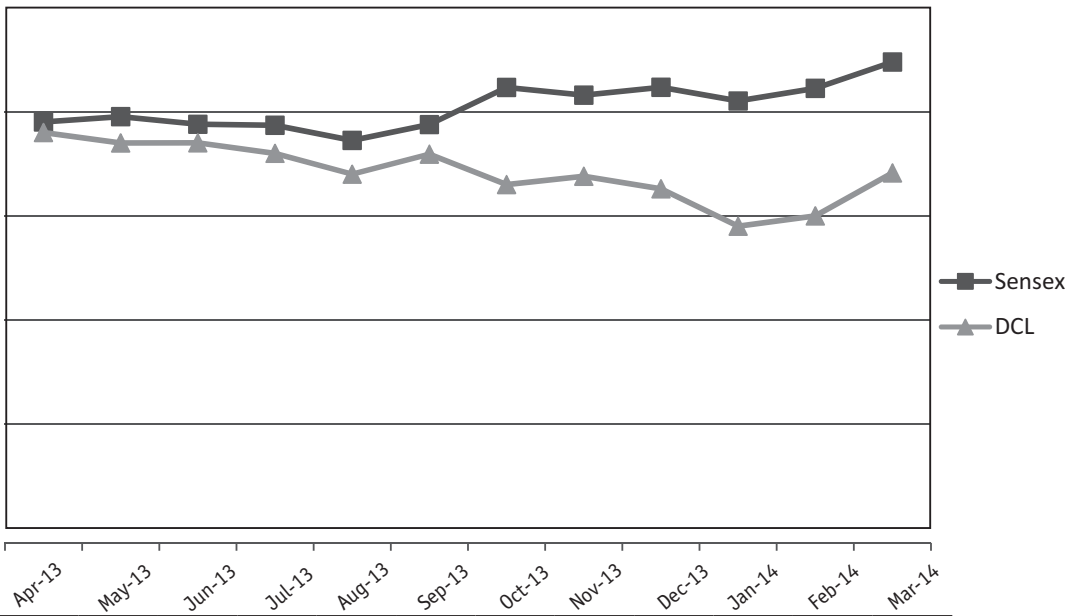
10. GENERAL SHAREHOLDER INFORMATION

a.	Annual General Meeting	:	34th Annual General Meeting
	Date	:	29th September 2014
	Time	:	10.00 A.M.
	Venue	:	Bhaskara Auditorium, Birla Museum, Adarsh Nagar, HYDERABAD - 500 063
b.	Financial Year	:	1st April to 31st March 2014
c.	Date of Book Closure	:	22nd September 2014 to 29th September 2014 (both days inclusive)
d.	Dividend Payment	:	Within 30 days of AGM
e.	Listing with Stock Exchanges	:	BSE Limited - Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001 National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra - Kurla Complex, Bandra (East) Mumbai – 400 051
f.	Stock Code/ Symbol	:	BSE - 502137
		:	NSE - DECCANCE

g. Market Price Data during each month in last financial year 2013-14:

Month and Year			High (₹)		Low (₹)	
			BSE	NSE	BSE	NSE
April	–	2013	210.00	218.20	190.00	190.05
May	–	2013	220.00	225.00	185.00	185.00
June	–	2013	198.70	199.90	185.00	185.00
July	–	2013	211.95	208.80	180.00	180.00
August	–	2013	199.00	194.00	170.00	168.00
September	–	2013	189.00	170.00	165.00	165.00
October	–	2013	171.00	174.00	165.00	165.00
November	–	2013	173.00	166.50	160.00	160.00
December	–	2013	171.00	170.00	155.05	161.00
January	–	2014	168.00	160.95	145.05	142.00
February	–	2014	162.75	157.50	142.00	142.00
March	–	2014	192.00	187.50	146.00	149.05

h. Performance in comparison to BSE Sensex:



Sensex	19504	19760	19396	19346	18620	19380	21164	20792	21171	20514	21120	22386
DCL	190	185	185.05	180	170	179.60	165	169	163	145.05	150	170.60

i. Registrars and Share Transfer Agent : Karvy Computershare Pvt Ltd
17-24, Vittal Rao Nagar, Madhapur,
Hyderabad – 500 081
Telephone No : 040 – 2342 0818
Fax No : 040 – 2342 0814
email id : einward.ris@karvy.com
website: www.karvycomputershare.com

j. Share Transfer System:

The Physical Shares along with valid and duly executed transfer instrument as and when received are duly processed and shares in respect of valid transfer instruments are transferred in the name of transferee. Duly transferred share certificates are returned within a period of 15 days from the date of receipt subject to the documents being valid and complete in all respects. The Managing Director has been delegated powers to approve transfers. A summary of transfer/transmission of shares of the Company so approved by the Managing Director is placed at every Share Transfer and Stakeholders' Reletaionship Committee Meeting.

k. Distribution of Shareholding as on 31st March 2014:

Category (Amount in ₹)	Number of Shareholders	% to Total	Number of Shares	% to Total
01 - 5,000	3558	90.67	431906	6.17
5,001 - 10,000	187	4.77	148790	2.12
10,001 - 20,000	84	2.14	130022	1.86
20,001 - 30,000	25	0.64	64630	0.92
30,001 - 40,000	8	0.20	29003	0.41
40,001 - 50,000	13	0.33	61784	0.88
50,001 - 100,000	14	0.36	104743	1.50
100,000 and above	35	0.89	6032872	86.14
	3924	**100.00**	**7003750**	**100.00**

l. Dematerialization of Shares and Liquidity:

The Company has arrangements with National Securities Depositories Ltd (NSDL) and Central Depository Services India Ltd (CDSL) to establish electronic connectivity of its shares for script-less trading. As of 31st March 2014, 66,98,786 (95.65%) number of shares were dematerialized with the following Depositories (ISIN No. INE583C01013)

- National Securities Depository Limited - 47,39,036 shares (67.66%)
- Central Depository Services Limited - 19,59,750 shares (27.98%)

m. 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.

n. Location of Company's Plants:

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

o. Address for Correspondence:

Shareholders can correspond with the Company or Registrars and Share Transfer Agent as per the following:

Company	RTA
Deccan Cements Ltd. Secretarial Department "Deccan Chambers", 6-3-666/B Somajiguda, Hyderabad – 500 082 Phone - 040 - 23310168/552 Fax - 040 - 23318366 Email Id: secretarial@deccancements.com Website: www.deccancements.com	Karvy Computershare Pvt. Ltd. 17-24, Vittal Rao Nagar Madhapur, Hyderabad – 500 081 Phone : 040 - 23420815-28 Fax : 040 - 23420814 Email id: einward.ris@karvy.com Website: www.karvycomputershare.com

11. OTHER DISCLOSURES AS PER CLAUSE 49 OF THE LISTING AGREEMENT

a. Subsidiaries:

There is no subsidiary to the Company.

b. Management Discussion and Analysis Report:

Management Discussion and Analysis Report on the Business of the Company form part to this Annual Report.

c. Shareholders:

Appointment / re-appointment of Directors: the brief resume of the Director(s) retiring by rotation, seeking re-appointment, including nature of their experience in specific functional areas, names of companies in which they hold directorship and membership of committees of the Board is appended to the Notice for calling the 34th Annual General Meeting.

d. CEO / CFO Certification:

The CEO and CFO certification of the Financial Statement for Year 2013-14 is provided elsewhere in this Annual Report.

Declaration on Code of Conduct

This is to confirm that all the Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March 2014 as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

Place : Hyderabad
Date : 08.08.2014

P Parvathi
Managing Director

Auditors Certificate on Corporate Governance

To the Members of
Deccan Cements Limited

We have examined the compliance of conditions of Corporate Governance by Deccan Cements Limited ("the Company"), for the year ended on March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and the management, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

The Share Transfer Agent of the Company has certified the number of complaints received from the investors and the number of complaints resolved during the financial year and that there are no complaints pending as at the year end as stated under serial no. 5 of the Company's Report on Corporate Governance.

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

For **M. Bhaskara Rao & Co.**
Chartered Accountants
Firm Registration Number : 000459S

Place : Hyderabad
Date : 08.08.2014

V K Muralidhar
Partner
Membership Number : 201570

CEO AND CFO CERTIFICATION

We, P Parvathi, Managing Director and R V A Narasimha Rao, Chief Financial Officer of the Company certify that:

a) We have reviewed the Financial Statements and the Cash Flow Statement for the year and that to the best our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and that there are no deficiencies in the design or operation of internal controls which we are aware.

d) We have indicated to the Auditors and the Audit Committee

   i. that there are no significant changes in internal control over financial reporting during the year;

   ii. that there are no significant changes in accounting policies during the year and hence no disclosure is required to be made in the notes to the Financial Statements; and

   iii. that there are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Hyderabad
Date : 20.05.2014

R V A Narasimha Rao
Chief Financial Officer

P Parvathi
Managing Director

INDEPENDENT AUDITOR'S REPORT

To The Members of
Deccan Cements Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Deccan Cements Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books

   c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account

   d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

   e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **M. Bhaskara Rao & Co.**
Chartered Accountants
Firm Registration Number : 000459S

Place : Hyderabad
Date : 20.05.2014

V K Muralidhar
Partner
Membership Number : 201570

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 has 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 is maintaining proper records. The discrepancies noticed on physical verification of inventory as compared to book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.

(iii) a) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub clauses (b), (c) and (d) of clause (iii) of this Order are not applicable.

e) According to the information and explanations given to us, the Company has taken unsecured deposits from six parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the outstanding balances of said deposits aggregated to ₹ 940 Lakh.

f) The rate of interest and other terms and conditions of unsecured deposits 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 correct major weaknesses in internal control.

(v) (a) In our opinion and, according to the information and explanations given to us, the transactions that need to be entered into the Register maintained u/s 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 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, 2014 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, 2014 which have not been deposited on account of dispute except the following:

Name of the Statue	Nature of Dues	Assessment year to which the amount relates	₹ In Lakh	Forum where dispute is pending
Income Tax Act 1961	Disallowance of debenture issue expenses and bad debts.	1997-98	6.46	Income Tax appellate Tribunal, Hyderabad.
Andhra Pradesh	Sales Tax on packing material	1993-94	11.52	High Court of A.P.
General Sales Tax Act/ VAT Act	Sales tax demand for the deemed excess production based on energy audit	1999-2000 & 2000-01	85.68	High Court of A.P
	Sales Tax Demand for interest		137.24	Deputy Commissioner (Appeals) Hyderabad
	Sales Tax Demand for recovery of excess interest paid.		51.61	High Court of A.P.
Water Cess	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 A.P.
Electricity Duty	Dispute on duty levied by A.P Govt. on electricity generated and consumed.	2003-04 to 2008-09	316.23	High Court of A.P.
Central Excise	Dispute on Cenvat availed on MS Angles, MS Plates, MS Sheets, HR Coils.	Mar 2008 to April 2009	412.64	CESTAT
A.P.M.M.C. Rules, 1966	Dispute on Seigniorage Fee to be paid on Minor Minerals.		23.59	Directors (Mines & Geology)
Customs Duty	Dispute regarding classification of coal as steam or Bituminous imported	2012-13	40.82	CESTAT

(x) The Company has no accumulated losses as at 31st March, 2014. Further the company has not incurred any cash losses in the financial year under report and in the immediately preceding financial year.

(xi) Based on our Audit procedures and on the information and explanations given by the Management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a Chit Fund / Nidhi / Mutual Benefit Fund / Society. Therefore, the provisions of clause 4(xiii) of this Order are not applicable to the Company.

(xiv) In the opinion and according to information and explanations given to us, the Company does not deal or trade in shares, securities, debentures and other investments. All Long term investments are held by the Company in its own name.

(xv) In the opinion and according to information and explanations given to us, the Company does not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) During the year under report, the Company has not obtained fresh term loans. The Term loans obtained in earlier years 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 any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies Act, 1956 during the year.

(xix) The Company has not issued any debentures.

(xx) The Company has not raised any money by public issue during the year.

(xxi) 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 in accordance 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 we been informed of such case by the Management.

For **M.Bhaskara Rao & Co;**
Chartered Accountants
Firm Registration Number : 000459S

(V.K. Muralidhar)
Partner
Membership Number : 201570

Place : Hyderabad
Date : 20.05.2014

Balance Sheet as at 31st March 2014

(₹ in Lakh)

	Particulars	Note No	As at 31st March 2014	As at 31st March 2013
I	**EQUITY AND LIABILITIES**			
	1. Shareholders' Fund			
	(a) Share Capital	3	**700.38**	700.38
	(b) Reserves and Surplus	4	**22255.52**	21795.14
	Sub Total (A)		**22955.90**	22495.52
	2. Non - Current Liabilities			
	(a) Long Term Borrowings	5	**17156.69**	20557.86
	(b) Deferred Tax Liabilities (Net)	6	**5041.11**	4904.63
	(c) Other Long Term Liabilities	7	**3878.00**	1363.87
	(d) Long Term Provisions	8	**253.08**	262.46
	Sub Total (B)		**26328.88**	27088.82
	3. Current Liabilities			
	(a) Short - Term Borrowings	9	**3343.51**	3046.15
	(b) Trade Payables		**1372.05**	2577.95
	(c) Other Current Liabilities	10	**4575.31**	2153.21
	(d) Short - Term Provisions	11	**158.30**	195.37
	Sub Total (C)		**9449.17**	7972.68
	TOTAL (A+B+C)		**58733.95**	57557.02
II.	**ASSETS**			
	1. Non - Current Assets			
	(a) Fixed Assets	12		
	i. Tangible Assets		**35677.86**	38035.85
	ii. Intangible Assets		**1628.00**	1526.91
	iii. Capital Work-in-Progress		**3514.91**	3499.78
	(b) Non - Current Investments	13	**8.69**	8.69
	(c) Long - Term Advances	14	**1160.87**	1238.69
	(d) Other Non - Current Assets	15	**818.61**	491.10
	Sub Total (D)		**42808.94**	44801.02
	2. Current Assets			
	(a) Inventories	16	**7088.77**	5435.91
	(b) Trade Receivables	17	**2710.56**	976.58
	(c) Cash and Bank balances	18	**4326.68**	4084.02
	(d) Short - Term Advances	19	**979.66**	1303.46
	(e) Other Current Assets	20	**819.34**	956.03
	Sub Total (E)		**15925.01**	12756.00
	TOTAL (D+E)		**58733.95**	57557.02
	Corporate Information; Significant Accounting Policies & Notes	1 to 41		

As per our report attached
for **M Bhaskara Rao & Co.,**
Chartered Accountants
Firm Registration Number : 000459S

For and on behalf of the Board

V K Muralidhar
Partner
Membership Number : 201570

M B Raju
Executive Chairman

P Parvathi
Managing Director

Place : Hyderabad
Date : 20.05.2014

S K Mishra
Company Secretary

Statement of Profit and Loss for the Year Ended 31st March 2014

(₹ in Lakh)

	Particulars	Note No	Year Ended 31st March 2014	Year Ended 31st March 2013
I	Revenue from Operations	21	**44878.99**	58056.19
	Less: Excise Duty		**5796.51**	8141.43
			39082.48	49914.76
II	Other Income	22	**256.47**	297.57
III	**Total Revenue (I + II)**		**39338.95**	50212.33
IV	**Expenses:**			
	Cost of materials consumed	23	**3081.84**	3902.98
	Changes in inventories of finished goods, work-in-process and Stock-in-Trade	24	**(314.14)**	(869.73)
	Employee benefits expense	25	**1626.92**	1771.12
	Finance Cost	26	**2734.64**	3068.52
	Depreciation and amortization expense		**2440.09**	2464.75
	Other expenses	27	**29006.01**	38618.97
	Total Expenses		**38575.36**	48956.61
V	Prior year's adjustments (net)		**(0.96)**	(2.99)
VI	**Profit before tax (III - IV - V)**		**764.55**	1258.71
VII	**Tax Expense :**			
	(1) Current Tax		**152.94**	251.72
	(2) Deferred Tax		**136.47**	241.29
	(3) Wealth Tax		**15.23**	15.23
	(4) Prior year tax adjustments		**-**	19.15
	(5) MAT Credit Entitlements		**(42.44)**	-
VIII	**Profit for the year**		**502.35**	731.32
IX	Earning per Equity Share :			
	(1) Basic		**7.17**	10.44
	(2) Diluted		**7.17**	10.44
	Corporate Information;			
	Significant Accounting Policies & Notes	1 to 41		

As per our report attached
for **M Bhaskara Rao & Co.,**
Chartered Accountants
Firm Registration Number : 000459S

For and on behalf of the Board

V K Muralidhar
Partner
Membership Number : 201570

M B Raju
Executive Chairman

P Parvathi
Managing Director

Place : Hyderabad
Date : 20.05.2014

S K Mishra
Company Secretary

Cash Flow Statement for the Year Ended 31st March 2014

(₹ in Lakh)

	Particulars	Year Ended 31st March 2014		Year Ended 31st March 2013	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit\(Loss) Before Tax	**763.59**		1255.72	
	Adjustments for :				
	Depreciation and amortisation expenses	**2440.09**		2464.75	
	Interest and Finance charges	**2734.64**		3068.52	
	Dividends Received	**(0.16)**		(0.59)	
	Interest Income	**(151.28)**		(216.28)	
	Profit on Sale of Fixed Assets	**(1.63)**		(0.86)	
	Loss on Sale of Fixed Assets	**-**		0.12	
	Operating Profit Before Working Capital Changes	**5785.25**		6571.38	
	Changes in Working Capital				
	(Increase)/Decrease in Inventories	**(1652.86)**		(526.84)	
	(Increase)/Decrease in Trade Receivables	**(1733.98)**		335.09	
	(Increase)/Decrease in Short Term Advances	**323.80**		241.06	
	(Increase)/Decrease in Long Term Advances	**77.82**		(215.97)	
	Increase/(Decrease) in Other Long Term Liabilities	**2514.13**		442.28	
	(Increase)/Decrease in Other Non Current Assets	**(327.51)**		(73.40)	
	Increase/(Decrease) Cash Credit Utilisation	**297.36**		(298.29)	
	(Increase)/Decrease in Other Current Assets (Prepaid)	**7.86**		(13.04)	
	Increase/(Decrease) in Short term provisions (Leave Encashment)	**(13.17)**		11.09	
	Increase/(Decrease) in Trade Payables	**(1205.90)**		(1467.15)	
	Increase/(Decrease) in Other Current Liabilities	**2466.94**		(421.94)	
	Increase/(Decrease) in Long Term Provisions	**(9.38)**		88.64	
	Cash Generated from Operations	**6530.36**		4672.91	
	Direct Taxes Paid	**45.14**		(345.73)	
	Cash Flow before Prior period Items	**6575.50**		4327.18	
	Prior Year Income/(Expenditure)	**0.96**		2.99	
	Net Cash Flow from Operating Activity		**6576.46**		4330.17
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Inflow/(Outflow)				
	Dividends received	**0.16**		0.59	
	Interest received	**150.86**		194.68	
	Purchase of Fixed Assets	**(183.95)**		(1550.92)	
	(Increase)/Decrease in Capital Work-in-Progress	**(15.13)**		(45.78)	
	Sale of Fixed Assets	**2.40**		12.83	
	Net Cash Flow from Investing Activities		**(45.66)**		(1388.60)
	carried forward		**6530.80**		2941.57

Cash Flow Statement for the Year Ended 31st March 2014 (Contd...)

(₹ in Lakh)

	Particulars	Year Ended 31st March 2014		Year Ended 31st March 2013	
	brought forward		**6530.80**		2941.57
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Inflow/(Outflow)				
	Dividend Paid (Including Dividend Tax)	**(163.89)**		(244.20)	
	Increase in Capital Reserve	**56.36**		-	
	Proceeds from Long Term Borrowings	**(121.22)**		(180.14)	
	Long Term Borrowings	**(3279.96)**		(1069.42)	
	Interest Paid	**(2779.43)**		(3110.08)	
	Net Cash Flow from Financing Activities		**(6288.14)**		(4603.84)
D.	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**		**242.66**		(1662.27)
	Cash and Cash Equivalents as at the commencement of the year		**4084.02**		5746.29
	Cash and Cash Equivalents as at the close of the year (includes Funds not available for use - Margin Money ₹ 69.23 Lakh. Unclaimed Dividend ₹ 20.25 Lakh)		**4326.68**		4084.02

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
Firm Registration Number : 000459S

For and on behalf of the Board

V K Muralidhar
Partner
Membership Number : 201570

M B Raju
Executive Chairman

P Parvathi
Managing Director

Place : Hyderabad
Date : 20.05.2014

S K Mishra
Company Secretary

Notes to the Financial Statements for the Year Ended 31st March 2014

1. Corporate Information

Deccan Cements Limited ("The Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is engaged in the manufacturing and selling of cement.

2. Significant Accounting Policies

a) Basis of Preparation

(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.

b) Use of Estimates

The preparation of financial statements is in conformity with Generally Accepted Accounting Principles which requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting periods. 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

Tangible Fixed Assets

Tangible Fixed Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets including day to day repairs and maintenance expenditure and cost of replacing parts are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Depreciation on Tangible Fixed assets

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.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition cost and are amortised on a straight line basis over estimated useful economic life.

The amortised period and amortisation method are reviewed at each financial year end.

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.

Capital Work-in-progress is stated at amount expended up to the date of the Balance Sheet.

All the fixed assets are assessed for any indication of impairment at the end of each financial year. On such indication, the impairment loss, being the excess carrying value over the recoverable value of the assets, is charged to the Statement of Profit & Loss in the respective financial year. 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) 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 and Banking charges.

e) 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, whichever is lower.

iv) Finished goods: At Cost or Net Realisable Value, whichever is lower.

Cost comprises of cost of purchase, cost of conversion, & other costs incurred in bringing the inventories to its present location & condition.

f) Investments

Investments are stated at cost of acquisition. Diminution in the value of investments other than temporary and meant to be held for a long period of time is recognized.

g) Internal Consumption

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

h) 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 by the division consuming such power.

i) Retirement Benefits

Provident Fund is administered through Regional Provident Fund Commissioner. 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.

j) 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.

k) 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.

l) 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.

m) Earnings Per Share

Earnings per share is calculated by dividing the net profit or loss for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the year.

Note No. 3: Share Capital

(₹ in Lakh)

Particulars	As at 31st March 2014	As at 31st March 2013
Authorised		
1,00,00,000 Equity Shares of ₹ 10/- each	**1,000.00**	1,000.00
Issued ,Subscribed and Fully Paid		
70,03,750 Equity Shares of ₹ 10/- each	**700.38**	700.38
(a) Reconciliation of Number of Shares Outstanding		
At the beginning of the Year	**70,03,750**	70,03,750
At the end of the Year	**70,03,750**	70,03,750

(b) Terms/ Rights attached

The Company has only one class of shares - Equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

The dividend proposed by Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2014, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 1.20/- (31st March 2013 ₹ 2/-) excluding tax on distributed profits.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of share holders holding more than 5% shares in the Company

Name	As at 31st March 2014		As at 31st March 2013	
	Number of Shares held	% of holding	Number of Shares held	% of holding
i) Melvillie Finnvest Limited	**2,301,856**	**32.87%**	2,294,841	32.77%
ii) Satyasai Investments & Leasing Limited	**523,737**	**7.48%**	523,737	7.48%
iii) Mr. M B Raju	**503,343**	**7.19%**	503,343	7.19%
iv) IL & FS Trust Company Limited	**792,717**	**11.32%**	735,734	10.50%

Note No. 4: Reserves & Surplus

(₹ in Lakh)

	Particulars	As at 31st March 2014	As at 31st March 2013
(a)	**Capital Reserve**		
	Opening Balance	**40.24**	40.24
	Add: Addition during the year (Refer Note 39)	**56.36**	-
	Closing Balance	**96.60**	40.24
(b)	**Power Subsidy**		
	Opening Balance	**99.28**	99.28
	Closing Balance	**99.28**	99.28
(c)	**Securities Premium Account**		
	Opening Balance	**1,250.14**	1,250.14
	Closing Balance	**1,250.14**	1,250.14
(d)	**General Reserve**		
	Opening Balance	**4,337.83**	4,282.98
	Add: Transfer from Surplus in Statement of Profit and Loss	**12.56**	54.85
	Closing Balance	**4,350.39**	4,337.83
(e)	**Surplus in Statement of Profit and Loss**		
	Opening Balance	**16,067.65**	15,555.07
	Add: Profit for the Current Year	**502.35**	731.32
	Less: Transfer to Reserves	**12.56**	54.85
	Proposed Dividends	**84.05**	140.08
	Corporate Dividend Tax	**14.28**	23.81
	Closing Balance	**16,459.11**	16,067.65
	TOTAL (a+b+c+d+e)	**22,255.52**	21,795.14

Note No. 5: Long Term Borrowings

(₹ in Lakh)

	Particulars	Non Current		Current	
		As at 31.03.2014	As at 31.03.2013	**As at 31.03.2014**	As at 31.03.2013
(a)	**Term Loans from Banks (Secured)**				
	- Refer Note 5 (d)				
	State Bank of India	**2,808.27**	3,922.10	**921.73**	-
	Andhra Bank	**3,817.00**	4,926.01	**863.00**	-
	State Bank of Hyderabad	**2,615.93**	3,360.45	**584.00**	-
	State Bank of Mysore	**1,569.12**	2,017.39	**331.00**	-
	State Bank of Sourashtra	**1,275.69**	1,339.01	**-**	-
	Indian Bank	**2,615.00**	3,361.36	**585.00**	-
	ICICI Bank Vehicle Loan	**5.10**	-	**1.02**	-
(b)	**Deposits (Unsecured)**				
	Depoists from Public (Unsecured)	**0.25**	-	**-**	-
	Deposits from related parties	**940.00**	-	**-**	-
	- Refer Note No 31 regarding details of related parties				
(c)	**Deferred Payment Liabilities (Unsecured) Refer Note 5(e)**	**1,510.33**	1,631.54	**121.21**	180.14
	TOTAL	**17,156.69**	20,557.86	**3,406.96**	180.14
	The above loans includes				
	Secured	**14,706.11**	18,926.32	**3,285.75**	-
	Unsecured	**2,450.58**	1,631.54	**121.21**	180.14
	Amount disclosed under the head "Other current liabilities" Note No 10	**-**	-	**(3,406.96)**	(180.14)
	TOTAL	**17,156.69**	20,557.86	**-**	-

(d) Term Loans from Banks

(i) Security:

The above loans from banks are secured through Joint Deed of Hypothecation dated 25.09.07 entered into by the Company with the consortium of term loan lenders. Pursuant to the said agreement, the term loans are secured by way of first pari passu charge by means of equitable mortgage of the immovable assets and hypothecation of the movable assets of the Company, present and future in favour of the 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 except the current assets specifically charged to working capital lenders in respect of which second charge is created.

(ii) Personal Guarantees:

The above term loans are further secured by the personal guarantee of Mr. M.B. Raju, Executive Chairman and Ms. P. Parvathi, Managing Director. These personal guarantees exist till the additional mining rights are obtained by the company to the satisfaction of the lenders.

During the year, the company has obtained additional mining rights from Assistant Director of Mines and Geology, Government of Andhra Pradesh, Nalgonda, Miryalaguda, vide proceedings No 484 / M2 /2007 dt. 28.12.2013 over an extent of 452.43 acres for a period of 20 years with effect from 28.12.2013 to 27.12.2033. Upon obtaining these rights, the company has approached the respective lenders for release of the above said personal guarantees.

(iii) Repayment Schedule (for the balance term loan as at 31st March 2014)

Year	₹ in Lakh
2014 - 15	3,284.74
2015 - 16	4,743.00
2016 - 17	4,853.00
2017 - 18	5,105.00
TOTAL	**17,985.74**

(iv) Vehicle loan from ICICI Bank is secured by the vehicle purchased out of the proceeds of the said loan.

(e) Deferred Payment Liabilities (Unsecured)

(i) Sales Tax Deferral scheme (vide Proceedings No 10 / 3 / 2000 / 0886 / ID, dt.06.06.2000) 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 Lakh (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 .The Sales Tax so deferred aggregates to ₹ 1631.54 Lakh. Repayment of this deferred liability will commence during 2014-15 and ends in 2024 -25. The following is the repayment Schedule of Sales Tax Deferal Loan.

Year of Payment	Amount (₹ in Lakh)
2014-15	121.21
2015-16	200.64
2016-17	Nil
2017-18	Nil
2018-19	15.37
2019-20	136.16
2020-21	268.80
2021-22	257.66
2022-23	108.96
2023-24	168.37
2024-25	354.37
Total 2014 -15 to 2024 -25	**1631.54**

(ii) 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 Slag Cement Division is available which is exempted for a period of 7 years or ₹ 3634.94 Lakh (whichever is earlier). With the implementation of VAT w.e.f. 01.04.2005 the said exemption amounting to ₹ 745.98 Lakh has been converted into deferment and the balance period has also been doubled. The company has availed this deferment amount of ₹ 720.05 Lakh upto the years of 2006-07. Repayment of this deferred liability commenced during 2012-13 and ended during 2013-14. During the year 2012-13 ₹ 565.83 Lakh has been repaid and the balance of ₹ 154.22 Lakh has been repaid in the year 2013-14.

Note No. 6: Deferred Tax Liability

(₹ in Lakh)

	Particulars	As at 31st March 2014	As at 31st March 2013
(a)	**Liability:**		
	On Account of Depreciation	**5,129.16**	5,000.00
(b)	**Asset:**		
	On Account of Employee Benefits	**(88.05)**	(95.37)
	Deferred Tax Liability (Net)	**5,041.11**	4,904.63

Note No. 7: Other Long Term Liabilities

(₹ in Lakh)

Particulars	As at 31st March 2014	As at 31st March 2013
Deposits from Stockists & Others (Unsecured)	**3878.00**	1363.87
TOTAL	**3878.00**	1363.87

Note No. 8: Long Term Provisions

(₹ in Lakh)

Particulars	As at 31st March 2014	As at 31st March 2013
Provision for Employee benefits :		
Gratuity	**168.24**	185.73
Leave Encashment	**84.84**	76.73
TOTAL	**253.08**	262.46

Note No. 9: Short Term Borrowings

(₹ in Lakh)

Particulars	As at 31st March 2014	As at 31st March 2013
Secured :		
(a) Cash Credit from Banks		
State Bank of India	**2,658.84**	2,103.81
Andhra Bank	**184.67**	942.34
(Above cash credit facilities are 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, Executive Chairman and Ms. P. Parvathi, Managing Director).		
(b) Loan against Fixed Deposit	**500.00**	-
TOTAL	**3,343.51**	3,046.15

Note No. 10: Other Current Liabilities

(₹ in Lakh)

Particulars		As at 31st March 2014		As at 31st March 2013
(a) Current Maturities of Long term Debt		**3,406.96**		180.14
(b) Interest accrued but not due :				
On Term Loans		**132.34**		177.11
On fixed Deposits		**0.12**		-
(c) Unpaid Dividends		**20.26**		19.99
(d) Other Payables :				
Other Payables	**324.33**		402.05	
Advances from customers	**432.08**		991.57	
Deposits from Stockists	**259.22**		252.09	
Central Excise Payable	**-**		130.26	
		1,015.63		1,775.97
TOTAL		**4,575.31**		2,153.21

Note No. 11: Short Term Provisions

(₹ in Lakh)

Particulars		As at 31st March 2014		As at 31st March 2013
(a) Others :				
Provision for Taxation	**41.66**		-	
(Net of Advance Tax)				
Proposed Dividend	**84.05**		140.08	
Corporate Dividend Tax	**14.28**		23.81	
		139.99		163.89
Leave Encashment Provision		**18.31**		31.48
TOTAL		**158.30**		195.37

Note No. 12: Fixed Assets (₹ in Lakh)

Particulars	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	As at 31st March 2013	Additions During the Year	Deductions/ Adjustments during the Year	**As at 31st March 2014**	Upto 31st March 2013	For the Year	Deductions / adjustments during the Year	**Upto 31st March 2014**	**As At 31st March 2014**	As At 31st March 2013
A. TANGIBLE ASSETS										
Freehold Land	1849.48	-	-	**1849.48**	-	-	-	**-**	**1849.48**	1849.48
Buildings	7728.03	2.47	-	**7730.50**	1424.06	229.10	-	**1653.16**	**6077.34**	6303.97
Plant & Machinery	44144.23	59.83	-	**44204.06***	14343.78	2189.07	-	**16532.85**	**27671.21**	29800.45
Other Equipment	14.19	-	-	**14.19**	11.77	0.29	-	**12.06**	**2.13**	2.42
Furniture & Fixtures	86.43	0.20	-	**86.63**	68.21	3.00	-	**71.21**	**15.42**	18.22
Vehicles	135.64	15.79	6.13	**145.30**	104.91	9.46	5.37	**109.00**	**36.30**	30.73
Office Equipment	134.71	1.44	-	**136.15**	104.13	6.04	-	**110.17**	**25.98**	30.58
Sub Total (A)	54092.71	79.73	6.13	**54166.31**	16056.86	2436.96	5.37	**18488.45**	**35677.86**	38035.85
B. INTANGIBLE ASSETS										
Compensatory Land for Afforestation	36.80	-	-	**36.80**	24.41	1.69	-	**26.10**	**10.70**	12.39
Freehold Land - Mining	28.87	-	-	**28.87**	11.53	1.44	-	**12.97**	**15.90**	17.34
Compensatory Land for Afforestation (New Mines)	1497.18	104.22	-	**1601.40**	-	-	-	**-**	**1601.40**	1497.18
Computer software	16.75	-	-	**16.75**	16.75	-	-	**16.75**	**-**	-
Sub Total (B)	1579.60	104.22	-	**1683.82**	52.69	3.13	-	**55.82**	**1628.00**	1526.91
C. CAPITAL WORK IN PROGRESS										
Work-in-Progress - Civil & Others	3499.78	15.13	-	**3514.91**	-	-	-	**-**	**3514.91**	3499.78
Sub Total (C)	3499.78	15.13	-	**3514.91**	-	-	-	**-**	**3514.91**	3499.78
T O T A L (A+B+C)	59172.09	199.08	6.13	**59365.04**	16109.55	2440.09	5.37	**18544.27**	**40820.77**	43062.54
Total of Previous Year	57591.21	1596.70	15.82	**59172.09**	13648.53	2464.75	3.73	**16109.55**	**43062.54**	43942.68

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

Note No. 13: Non Current Investments

(₹ in Lakh)

	Particulars	As at 31st March 2014	As at 31st March 2013
	Long term (at cost)		
(a)	**Investment in Equity Instruments - Quoted**		
	Tata Consultancy Services Ltd.	**0.47**	0.47
	(220 Equity Shares of ₹ 1/- each fully paid)		
(b)	**DCFEMAC Co-operative Stores Limited (Unquoted-Fully paid)**	**0.10**	0.10
	(236 Equity Shares of ₹ 100 each)		
(c)	**Investment in Property**		
	Investment in Land	**8.12**	8.12
	Total (a) + (b) + (c)	**8.69**	8.69
	Less : Provision for diminution in the value of Investments	**-**	-
	TOTAL	**8.69**	8.69
	Aggregate market value of Quoted investments	**4.69**	3.47

Note No. 14: Long Term Advances

(₹ in Lakh)

	Particulars	As at 31st March 2014	As at 31st March 2013
(a)	**Capital Advances**		
	(Unsecured, Considered good)		
	Advances for Capital Goods	**56.55**	57.63
(b)	**Security Deposits**		
	(Unsecured, Considered good)		
	Deposits with Govt. & Others	**1,104.32**	1,181.06
	TOTAL	**1,160.87**	1,238.69

Note No. 15: Other Non Current Assets

(₹ in Lakh)

	Particulars	As at 31st March 2014	As at 31st March 2013
	Others		
	(Unsecured, Considered good)		
	Power & Sales Tax Incentive Receivable	**818.61**	491.10
	TOTAL	**818.61**	491.10

Note No. 16: Inventories

(₹ in Lakh)

	Particulars	As at 31st March 2014	As at 31st March 2013
(a)	Raw Materials	**345.83**	155.89
(b)	Work-in-process	**1,533.24**	892.86
(c)	Finished goods	**796.77**	1,123.01
(d)	Stores and spares	**2,497.70**	2,123.30
(e)	Packing Material	**159.75**	125.59
(f)	Coal	**1,479.24**	982.39
(g)	Power Generation - (Banked Units)	**276.24**	32.87
	Refer Note No 2(e)		
	TOTAL	**7,088.77**	5,435.91

Note No. 17: Trade Receivables

(₹ in Lakh)

	Particulars	As at 31st March 2014	As at 31st March 2013
A.	**Secured, Considered good**		
	(i) Outstanding for a period exceeding six months	-	-
	(ii) Other debts	2285.71	85.93
	Total - A	2285.71	85.93
B.	**Unsecured, Considered good**		
	(i) Outstanding for a period exceeding six months	183.83	93.69
	(ii) Other debts	241.02	796.96
	Total - B	424.85	890.65
	TOTAL (A + B)	2,710.56	976.58

Note No. 18: Cash and Bank Balances

(₹ in Lakh)

	Particulars	As at 31st March 2014	As at 31st March 2013
(a)	Balances with Banks in current accounts	2978.24	2135.34
(b)	Cash on Hand	8.98	4.83
(c)	Earmarked balances with Banks (Unpaid Dividend a/c)	20.26	19.99
(d)	Margin Money Deposits	69.23	107.94
(e)	Term Deposits with remaining maturity of more than 3 months but less than 12 months	1249.97	1815.92
	TOTAL	4,326.68	4,084.02

Note No. 19: Short-term Advances

(₹ in Lakh)

	Particulars	As at 31st March 2014	As at 31st March 2013
	(Unsecured, Considered good)		
(a)	Advances for purchase of		
	- Raw Materials and Coal	614.99	1,082.71
	- Stores and Spares	26.27	3.53
(b)	Advances to Employees	(0.60)	0.48
(c)	Other Advances	339.00	216.74
	TOTAL	979.66	1,303.46

Note No. 20: Other Current Assets

(₹ in Lakh)

	Particulars	As at 31st March 2014	As at 31st March 2013
(a)	Pre Paid Expenses	37.05	44.91
(b)	Advance Income Tax (Net of Tax Provision)	-	171.65
(c)	MAT Credit Entitlements	724.44	682.00
(d)	Interest Accrued	57.85	57.47
	TOTAL	819.34	956.03

Note No. 21: Revenue from Operations

(₹ in Lakh)

	Particulars	Year Ended 31st March 2014	Year Ended 31st March 2013
Sales of Products			
(a)	Cement Sales	**48,658.91**	65,259.70
(b)	Clinker Sales	**1.80**	-
(c)	Income from Power Generation (Net of Charges for Wheeling and Banking)	**1,137.74**	230.71
		49,798.45	65,490.41
	Less : VAT	**4,919.46**	7,434.22
	TOTAL	**44,878.99**	58,056.19

		Quantity M.T.	Amount ₹ in Lakh	Quantity M.T.	Amount ₹ in Lakh
Turnover :					
(a)	**Cement Division**				
	Sale of Cement	**127,686**	**5621.18**	146,079	6823.11
	Internal Consumption	**-**	**-**		
	Lab samples of Cement	**3**	**-**		
			5621.18		6823.11
(b)	**Slag Cement Division**				
	Sale of Cement	**951,490**	**43036.81**	1,272,094	58435.88
	Internal Consumption of Cement	**70**	**0.92**	76	0.71
	Lab samples of Cement	**9**	**-**		
	Clinker Sales	**84**	**1.80**		
			43039.53		58436.59
(c)	**Power**				
	Wind		**163.88**		120.42
	Hydel		**973.86**		110.29
			1137.74		230.71
	TOTAL (a+b+c)		**49,798.45**		65,490.41

Note No. 22: Other Income

(₹ in Lakh)

	Particulars	Year Ended 31st March 2014	Year Ended 31st March 2013
(a)	Interest Income	**151.28**	216.28
(b)	Dividend Income	**0.16**	0.59
(c)	Profit on Sale of Fixed Assets	**1.63**	0.86
(d)	Scrap Sales	**54.40**	43.41
(e)	Credit Balances Written back	**14.26**	-
(f)	Miscellaneous Income	**25.44**	27.62
(g)	Rental Income	**9.30**	8.81
	TOTAL	**256.47**	297.57

Note No. 23: Cost of Raw Material Consumed

(₹ in Lakh)

	Particulars	Year Ended 31st March 2014	Year Ended 31st March 2013
i)	Limestone	**1123.86**	1360.04
ii)	Iron Ore	**335.91**	665.84
iii)	Gypsum	**1140.07**	1411.84
iv)	Fly Ash	**246.07**	389.62
vi)	Laterite	**189.10**	1.06
vii)	Internal Transport of Materials	**46.83**	74.58
	TOTAL	**3081.84**	3902.98

Note No. 24: Changes in inventories of finished goods, Work-in-process and stock in trade

(₹ in Lakh)

	Particulars	Year Ended 31st March 2014		Year Ended 31st March 2013	
(a)	**Work-in-Process**				
	Opening Stock	**892.86**		339.27	
	Closing Stock	**1,533.24**		892.86	
(b)	**Finished Goods**		**(640.38)**		(553.59)
	Opening Stock	**1,123.01**		806.87	
	Closing Stock	**796.77**		1,123.01	
			326.24		(316.14)
	TOTAL		**(314.14)**		(869.73)

Note No. 25: Employee Benefits Expense

(₹ in Lakh)

	Particulars	Year Ended 31st March 2014	Year Ended 31st March 2013
(a)	Salaries , Wages and bonus	**1,350.96**	1,403.48
(b)	Contribution to Provident and other funds	**93.24**	195.10
(c)	Workmen and Staff Welfare Expenses	**182.72**	172.54
	TOTAL	**1,626.92**	1,771.12

Note No. 26: Finance Cost

(₹ in Lakh)

	Particulars	Year Ended 31st March 2014	Year Ended 31st March 2013
(a)	Interest	**2,657.21**	2,958.69
(b)	Bank Charges	**77.43**	109.83
	TOTAL	**2,734.64**	3,068.52

Note No. 27: Other Expenses

(₹ in Lakh)

	Particulars	Year Ended 31st March 2014		Year Ended 31st March 2013	
(a)	**Consumption of Stores and Spares**		**1,332.56**		1,458.48
(b)	**Power and Fuel**				
	Power	**1,813.28**		859.30	
	Coal	**12,248.65**		17,631.28	
			14,061.93		18,490.58
(c)	**Repairs and Maintenance**				
	Buildings	**73.64**		42.46	
	Plant and Machinery	**459.51**		416.60	
	Others	**378.32**		395.11	
			911.47		854.17
(d)	**Administration Expenses**				
	Travelling and Conveyance	**127.01**		142.01	
	Directors' Travelling and Conveyance	**8.49**		8.69	
	Directors' sitting fees	**1.17**		1.16	
	Printing and Stationery	**12.90**		15.32	
	Communication Expenses	**29.67**		29.42	
	Legal and Professional charges	**31.55**		41.31	
	Insurance	**58.14**		47.12	
	Auditors' Remuneration	**7.28**		7.65	
	Staff Recruitment and Training	**1.57**		4.33	
	Rent	**77.55**		84.34	
	Rates and Taxes	**42.10**		58.33	
	Donations	**5.91**		52.55	
	Security Service Charges	**120.21**		117.51	
	Sundry Expenses	**67.95**		64.78	
			591.50		674.52
(e)	**Selling Expenses**				
	Consumption of Packing Materials	**1,949.52**		2,377.90	
	Advertisement and Publicity	**59.92**		201.69	
	Freight, Packing and Forwarding charges	**6,605.77**		9,384.40	
	Testing and Marking fees	**12.68**		52.53	
	Commission on Sales	**429.26**		514.60	
	Selling Expenses	**488.58**		561.59	
	Price Difference	**1,625.59**		2,186.98	
	Other Selling expenses	**937.23**		1,861.41	
			12,108.55		17,141.10
(f)	**Loss on Sale of Fixed assets**		**-**		0.12
	TOTAL		**29,006.01**		38,618.97

28. Contingent Liabilities and Commitments

(₹ in Lakh)

Contingent Liabilities	Current Year	Previous Year
(a) Claims against the Company not acknowledged as Debt:		
(i) Counter Guarantees to banks	**577.30**	602.81
(ii) 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) Other Money for which the company is contingently liable		
(i) Income Tax		
For the Asst Year 1997-98 towards disallowances of debenture issue expenses and bad debts. Matter pending in appeal before the Income Tax Appellate Tribunal.	**6.46**	6.46
(ii) Sales Tax		
a) 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
b) Sales Tax Demand for the deemed excess production based on the Energy Audit for the years 1999–2000 & 2000–01.	**85.68**	85.68
c) Sales Tax Demand for interest of ₹ 1,37,24,338/- on alleged excess utilization of Sales tax incentive. Stay was granted by Additional Commissioner (CT) (Legal) subject to 50% payment of disputed amount.	**137.24**	Nil
d) Sales Tax Demand for ₹ 51,60,765/-recovery of excess paid interest for the Assessment years 2002-03 to 2004-05. Appeal was filed by the company before the High Court of A.P.	**51.61**	Nil
(iii) 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 Lakh for the period 1997 to February 2008. Appeal is pending in the High Court of Andhra Pradesh.	**723.29**	723.29
(iv) 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 of A.P. 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
(v) Seigniorage Fee on Sand, Metal & Gravel used for expansion project.	**23.59**	23.59
(vi) Central Excise		
Disallowance of Cenvat credit availed on MS Angles, MS Plates, MS Sheets, HR Coils. Pre deposited ₹ 1 Crore as per the order of appellate authority–CESTAT, Bangalore.	**412.64**	412.64
(vii) Customs Duty		
Dispute regarding classification of coal as steam or Bituminous imported during the year 2012-13. Appeal pending before CESTAT, Bangalore.	**40.82**	Nil

29. Employee Benefits

(i) Defined Benefit Plan

a) Liability for retiring gratuity as on 31st March, 2014 is ₹ 247.63 Lakh (31.03.2013; ₹ 249.75 Lakh) of which ₹ 79.38 Lakh (31.03.2013 ₹ 64.02 Lakh) is funded with the Life Insurance Corporation of India and the balance is included in provision for Gratuity. Liability for cost of compensated absences is unfunded. 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. **(₹ in Lakh)**

	Particulars	Gratuity		Compensated Absences	
		2013 – 14	2012 - 13	**2013 – 14**	2012 – 13
(A)	**Net Assets/(Liability) recognised in the Balance Sheet**				
	Present Value of Obligation	**247.62**	249.75	**-**	-
	Fair Value of Plan Assets Liability/(Assets)	**(79.38)**	(64.02)	**-**	-
	Unrecognized past service cost	**Nil**	Nil	**-**	-
	Liability/(Assets) recognised in the Balance Sheet	**168.24**	185.73	**103.15**	108.21
(B)	**Component of Employer's Expense**				
	Current Service Cost	**15.63**	12.82	**-**	-
	Interest Cost	**19.64**	17.12	**-**	-
	Expected Return on Plan Assets	**(4.93)**	(7.21)	**-**	-
	Net Actuarial Gain/(Loss) recognised	**(38.37)**	61.82	**-**	-
	Past Service Cost	**-**	-	**-**	-
	Expenses Recognised in the Statement of Profit and Loss	**(8.03)**	84.55	**-**	-
	Movement in the Net Liability recognized in the Balance Sheet				
	Opening Net Liability	**185.73**	111.30	**108.21**	82.93
	Expenses recognized in the Statement of Profit and Loss	**(8.03)**	84.55	**-**	-
	Employer contribution	**(9.46)**	(10.11)	**-**	-
	Payment made to employee on retirement	**-**	-	**-**	-
	Closing Net Liability	**168.24**	185.73	**103.14**	108.21
	Actuarial Assumptions				
	Discount Rate (Per annum)	**9.15%**	8.55 %	**9.15 %**	8.55 %
	Mortality	**Ult table (2006-08)**	Ult table (2006-08)	Ult table (2006-08)	Ult table (2006-08)
	Expected Rate of return on Plan Asset (per annum)	**7.50 %**	7.50 %	**-**	-
	Salary Escalation rate (per annum)	**6.00 %**	5.00 %	**6.00%**	5.00 %
	Valuation Method	**Projected Unit Cost Method**	Projected Unit Cost Method	**Projected Unit Cost Method**	Projected Unit Cost Method

(ii) Defined contribution plan

Amount recognized as an expense and included in Note No 25 under the head "Contribution to Provident and other funds" ₹ 93.24 Lakh (Previous year ₹ 195.10 Lakh).

30. 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"

31. 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, Executive Chairman b) Ms. P Parvathi, Managing Director
(ii)	Relatives of KMP	a) Ms. M Lakshmi b) Ms. P Aishwarya c) Mr. P Anirudh Raju
(iii)	Directors	a) Mr. Umesh Shrivastava b) Dr. S A Dave c) Mr. K P Singh d) Mr. J Narayanamurty e) Mr. P Venugopal Raju
(iv)	Enterprises in which KMP or relatives having significant influence.	a) DCL Exim Private Limited b) Satyasai Investment and Leasing Limited c) Melvillie Finnvest Limited d) DCL Information Technologies Limited

(ii) Transactions during the year with related parties (₹ in Lakh)

Sl. No	Nature of Transactions	Key Management Personnel		Relatives of Key Management Personnel		Directors		Enterprises in which KMP or relatives having significant influence	
		2013-14	2012-13	**2013-14**	2012-13	**2013-14**	2012-13	**2013-14**	2012-13
(i)	Rent Paid	**-**	-	**33.60**	33.60	**-**	-	**-**	-
(ii)	Unsecured Loans-deposits repayment/ taken	**700.00**	(51.31)	**35.00**	(59.43)	**-**	(20.00)	**205.00**	(20.00)
(iii)	Remuneration including Commission	**231.35**	235.91	**-**	-	**5.00**	5.00	**-**	-
(iv)	Interest on FD	**-**	-	**0.13**	-	**-**	-	**-**	-

(iii) Balance outstanding as on Balance Sheet date (₹ in Lakh)

Nature of Transactions	Key Management Personnel		Relatives of Key Management Personnel		Directors		Enterprises in which KMP or relatives having significant influence	
	2013-14	2012-13	**2013-14**	2012-13	**2013-14**	2012-13	**2013-14**	2012-13
Credit Balance								
Mr. M B Raju	**450.00**	-						
Ms. P Parvathi	**250.00**	-						
Ms. P Aishwarya			**25.00**	-				
Mr. P Anirudh Raju			**10.00**	-				
Mr. Umesh Shrivastava					**1.00**	1.00		
Mr. P Venugopal Raju					**1.00**	1.00		
Mr. K P Singh					**1.00**	1.00		
Mr. J Narayanamurty					**1.00**	1.00		
Dr. S A Dave					**1.00**	1.00		
DCL Exim Private Limited							**5.00**	-
Satyasai Investments and Leasing Ltd.							**200.00**	-
Interest Accrued but not due on FD			**0.13**					
TOTAL	**700.00**	-	**35.13**	**-**	**5.00**	**5.00**	**205.00**	-

(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 Lakh)**

Particulars	2013-14	2012-13
(a) Key Management Personnel		
(i) Deposits taken / repayment		
Mr. M B Raju	**450.00**	-
Ms. P Parvathi	**250.00**	51.31
(ii) Remuneration including commission		
Mr. M B Raju	**122.27**	124.39
Ms. P Parvathi	**109.07**	111.51
(b) Relatives of Key Management Personnel		
(i) Rent Paid		
Ms. M Lakshmi	**33.60**	33.60
(ii) Deposits taken / repayment		
Ms. P Aishwarya	**25.00**	13.80
Mr. P Anirudh Raju	**10.00**	45.63
(c) Directors Commission		
Mr. Umesh Shrivastava	**1.00**	1.00
Mr. P Venugopal Raju	**1.00**	1.00
Mr. K P Singh	**1.00**	1.00
Mr. J Narayanamurty	**1.00**	1.00
Dr. S A Dave	**1.00**	1.00
(d) Enterprises in which KMP or relatives having significant influence		
Deposits taken/repayment		
(i) DCL Exim Private Limited	**5.00**	-
(ii) Satyasai Investment and Leasing Limited	**200.00**	-

32. Earnings Per Share

Particulars	31st March 2014	31st March 2013
Profit/(loss) after Tax (₹ in Lakh)	**502.35**	731.32
No of equity shares	**70,03,750**	70,03,750
Earnings per share (₹)	**7.17**	10.44

33. 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.

34. Auditor's Remuneration

(₹ in Lakh)

Particulars	31st March 2014	31st March 2013
Audit Fee	**4.00**	4.00
Certification Work	**0.28**	0.90
Corporate Governance	**0.10**	0.10
Tax Audit fee	**0.75**	0.75
Reimbursement of expenses	**1.25**	1.00
Limited Review Fee	**0.90**	0.90
Total	**7.28**	7.65

35. Value of Imports calculated on CIF basis

(₹ in Lakh)

Particulars	31st March 2014	31st March 2013
Raw materials	**-**	-
Components and spare parts	**30.26**	111.91
Capital goods	**-**	-

36. Expenditure in Foreign Currency

Particulars	31st March 2014	31st March 2013
Expenditure	**Nil**	Nil

37. Value of Imported , Indigenous Raw Materials , Spare Parts and Packing materials consumed

(₹ in Lakh)

Particulars	% of total Consumption	31st March 2014 Values	% of total Consumption	31st March 2013 Values
Raw Materials				
Imported	**-**	**-**	-	-
Indigenous	**100.00**	**3081.84**	100.00	3902.98
Stores, Spare Parts and Packing Materials				
Imported	**0.93**	**29.72**	2.72	104.38
Indigenous	**99.07**	**3175.62**	97.28	3732.00

38. Balances under Trade payables, Advances from customers, Deposits from Stockists, Capital Advances, Trade Receivables, Advances to Vendors as at the year end are subject to confirmation. The company has a system of periodical reconciliation and settling the transactions with respective Vendors / Customers.

39. During the year, pursuant to GO no 328 dt. 31.12.2005, issued by Industries and Commerce (IP) Department, Government of Andhra Pradesh, Commissioner of Industries, Andhra Pradesh, has released a final assistance of ₹ 56,36,100/- towards setting up and erection of 132 KV Bay extension at 132 /33 KV Wadapally substation and erection of 32 KVDC SC Line during 2008–09.

40. Previous Year's figures have been, re–grouped and reclassified wherever necessary to conform to the current year's classification.

41. Figures are rounded off to the nearest rupee. Figures in brackets represent credits/deductions to the extent applicable.

Signatures To Notes To Financial Statements

As per our report attached
for **M Bhaskara Rao & Co.,**
Chartered Accountants
Firm Registration Number : 000459S

V K Muralidhar
Partner
Membership Number : 201570

Place : Hyderabad
Date : 20.05.2014

For and on behalf of the Board

M B Raju
Executive Chairman

P Parvathi
Managing Director

S K Mishra
Company Secretary

DECCAN CEMENTS LIMITED

CIN: L26942TG1979PLC002500
Registered Office: 'Deccan Chambers', 6-3-666/B
Somajiguda, Hyderabad - 500 082.
Tel: 040-23310168, Fax: 040-23318366
E-mail: info@deccancements.com, Website: www.deccancements.com

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

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

I/We hereby record my/our presence at the **34th Annual General Meeting** of the Company held on **Monday, the 29th day of September 2014 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:

1. Shareholder/Proxy, as the case may be, is requested to sign and hand over this slip at the entrance of the Meeting venue.
2. Members are requested to advise change of their address, if any, to the Company at the above address.

* Applicable for Investors holding shares in electronic form.

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E-mail: info@deccancements.com, Website: www.deccancements.com

FORM OF PROXY

DPID* :	L.F.No. :
Client ID* :	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 **34th Annual General Meeting** of the Company to be held on **Monday, the 29th day of September 2014 at 10.00 A.M.** and at any adjournment thereof.

Dated this ..... day of ....., 2014

Affix ₹ 1/- Revenue Stamp

Signature _____

Notes:

1. 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.
2. A proxy need not be a Member.

* Applicable to Investors holding shares in electronic form.

Momento from the Hon'ble MP, Nalgonda for development of Green Belt at DCL Plant site - program initiated by the Pollution Control Board, Nalgonda

Contribution from DCL to District Collector, Nalgonda towards welfare activities under 'Mana Kosam Manam' scheme initiated by the Collector

Donation received by Chairman Indian Red Cross Society, A.P. State Branch from DCL and its employees towards Uttarakhand Flood Relief Operations

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BALLOT FORM

(In lieu of the E-voting for the 34th AGM)

Serial No. :

Name & Registered address of the Sole / First named Shareholder :

Name(s) of the joint Shareholder(s), if any :

Registered Folio No./ DP ID*/ Client ID* (*Applicable to investors holding shares in dematerialized form) :

Number of Shares held :

Electronic Voting Particulars

EVEN (E- Voting Event Number)	USER ID	PASSWORD/PIN

For detailed instructions on e-voting, please refer to the notes appended to the Notice of the Annual General Meeting. For shareholder opting to vote through ballot, please read the instructions below and exercise your vote in respect of the resolutions provided overleaf.

INSTRUCTIONS FOR VOTING THROUGH BALLOT

1. Members may fill up the Ballot Form printed overleaf and submit the same to the Scrutinizer i.e. Mr. Tumuluru Krishnamurthy, Practicing Company Secretary at Karvy Computershare Pvt Ltd, Unit: Deccan Cements Limited, Plot No.: 17-24, Vittal Rao Nagar, Madhapur, Hyderabad-500081 **OR** email the scanned copy to secretarial@deccancements.com so as to reach by 6:00 pm on 24th September 2014. Ballot Form received thereafter will strictly be treated as if not received.
2. The Company will not be responsible if the Ballot Form is lost in transit.
3. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutinizer on the validity of the forms will be final.
4. In the event member casts his/her votes through both the processes i.e. E-voting and Ballot Form, the votes in the electronic system would be considered and the Ballot Form would be ignored.
5. The right of voting by Ballot Form shall not be exercised by a proxy.
6. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the Share Transfer Agent of the Company. Members are requested to keep the same updated.
7. There will be only one Ballot Form for every Folio/DP ID/CLIENT ID irrespective of the number of joint members.
8. In case of joint holders, the Ballot Form should be signed by the first named shareholder and in his/her absence by the next named shareholder. Ballot Form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such Ballot Form signed by other joint holders.
9. Where the Ballot Form has been signed by an authorized representative of the body corporate/trust/society, etc a certified copy of the relevant authorization/Board Resolution to vote should accompany the Ballot Form.

I/We hereby exercise my/our vote(s) in respect of the Resolutions set out in the Notice of the 34th Annual General Meeting (AGM) of the Company to be held on 29th September 2014 by conveying my/our assent or dissent to the said Resolutions by placing the tick (✓) mark at the appropriate box below:

Sl No.	Description of Resolution	Type of Resolution	No. of Shares	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
1.	Adoption of the Audited Balance Sheet as at 31st March 2014 and the Statement of Profit & Loss for the Year ended on that date together with the Reports of Directors' and Auditors' thereon	Ordinary			
2.	Declaration of dividend on equity shares	Ordinary			
3.	Appointment of a Director in place of Mr. P Venugopal Raju (DIN: 00016548) who retires by rotation and being eligible offers himself for re-appointment	Ordinary			
4.	Appointment of M Bhaskara Rao & Co, Chartered Accountants as the Statutory Auditors of the Company and to fix their remuneration	Ordinary			
5.	Appointment of Mr. Umesh Shrivastava (DIN: 00229382) as an Independent Director of the Company	Ordinary			
6.	Appointment of Dr. S A Dave (DIN: 00001480) as an Independent Director of the Company	Ordinary			
7.	Appointment of Mr. J Narayanamurty (DIN: 00026474) as an Independent Director of the Company	Ordinary			
8.	Appointment of Mr. K P Singh (DIN: 02951522) as an Independent Director of the Company	Ordinary			
9.	Ratification of remuneration to the Cost Auditors for the financial year 2014-15	Ordinary			
10.	Approval of Borrowing powers of the Board	Special			
11.	Creation of Charge on the Assets of the Company	Special			
12.	Payment of Commission on profits to Non-Whole time Directors of the Company	Special			
13.	Modification in Appointment and Approval of Remuneration to Mr. M B Raju (DIN: 00016652), Executive Chairman	Special			
14.	Approval of Remuneration to Ms. P Parvathi (DIN: 00016597), Managing Director	Special			

Place :
Date :

Signature of the Shareholder
(must be as per specimen signature registered with the company)