



**OCL INDIA LIMITED**

**Incorporated in India - Members' Liability Limited**

**DIRECTORS** Shri Pradip Kumar Khaitan (Chairman)  
Shri V.D. Jhunjhunwala  
Shri D.N. Davar  
Shri Puneet Dalmia  
Dr. Ramesh C. Vaish  
Dr. S.R. Jain  
Shri V.P. Sood (Whole time Director & CEO)

**PRESIDENT** Shri M.H. Dalmia

**BANKERS** United Bank of India  
State Bank of India  
Punjab National Bank  
UCO Bank  
AXIS Bank Ltd.

**REFRACTORY AND CEMENT** Rajgangpur-770 017  
(Orissa)

**WORKS & REGD. OFFICE**

**DELHI OFFICE** B-47, Connaught Place  
New Delhi - 110 001

**AUDITORS** V. Sankar Aiyar & Co.  
Chartered Accountants



## DIRECTORS' REPORT

FOR THE YEAR ENDED 31.03.2008

The Directors of your Company are pleased to present their Fifty Eighth Annual Report together with the audited accounts of the Company for the year ended 31<sup>st</sup> March 2008.

### 1.0 WORKING RESULTS

	<b>2007-08</b>	2006-07
	<b>(Rs. in Lakhs)</b>	(Rs. in Lakhs)
Operating Profit	<b>22,216.51</b>	17,559.28
Less: Interest	<b>1,884.28</b>	2,506.43
Depreciation	<b>2,630.66</b>	3,295.53
Profit before Taxation	<b>17,701.57</b>	11,757.32
Provision for Taxation		
Current tax	<b>6,100.00</b>	2,500.00
Deferred tax	<b>(-)77.98</b>	1,460.39
Fringe Benefit Tax	<b>65.00</b>	45.00
Profit after taxation	<b>11,614.55</b>	7,751.93
Add: Adjustment arising on Demerger	<b>956.28</b>	-
Add: Brought forward from previous year:	<b>4,484.64</b>	4,154.87
	<b>17,055.47</b>	11,906.80
Transfer to General Reserve	<b>10,000.00</b>	6,000.00
Transfer to Debenture Redemption Reserve	<b>152.00</b>	406.25
Transfer to Reserve for Bad & doubtful debts	<b>410.00</b>	-
Proposed Dividend/Interim Dividend	<b>1422.51</b>	890.95
Tax on Dividend/Interim Dividend	<b>241.76</b>	124.96
Surplus carried to Balance Sheet	<b>4829.20</b>	4,484.64
	<b>17,055.47</b>	11,906.80

### DIVIDEND

- 1.1 The Board of Directors recommend payment of dividend for the financial year ended March 31, 2008 @ 125% on the paid up equity shares.

### APPROPRIATIONS

- 1.2 It is proposed to transfer Rs. 10,000 Lakhs to the General Reserve while Rs. 4,829.20 Lakhs is proposed to be retained in the Profit and Loss Account and carried to the Balance Sheet.

### 2.0 OPERATIONS

#### CEMENT DIVISION:

- 2.1 Cement production and sales during the year under report are given below along with comparative figures for previous year.

	<b>2007-08</b>	2006-07
	<b>(Tonnes in Lakhs)</b>	(Tonnes in Lakhs)
Cement production	<b>20.01#</b>	18.75
Cement Sales (including self consumption)	<b>19.91</b>	18.84

# Includes 0.01 Lakh tonnes of trial production from Kapilas Cement Works.

The value of sales including self consumption of cement and clinker for the year 2007-08 and 2006-07 (inclusive of excise duty) are Rs 673.62 crores and Rs. 563.14 crores, respectively.

- 2.2 Cement production and sales have registered a growth of 6.7% and 5.7% respectively over previous year as against industry growth of 8% on all India basis and 5.7% in the Eastern Region on account of expanded market base in West Bengal, Bihar and Jharkhand States.



- 2.3 In line with market trend, your Company continued to have production of blended cement (Portland Slag Cement), which helped to achieve improved cement production and sales volumes. Clinkerisation unit Line-2 at Rajgangpur works is likely to be commissioned only during the later part of next financial year. Therefore, until such time, your Company plans to maximize Clinker to Cement conversion (CC) ratio by continuing to manufacture Portland Slag Cement. Once the Clinkerisation unit Line-2 is commissioned, your Company would be at liberty to resort to maximizing cement volumes by producing other types of cements like Ordinary Portland Cement (OPC), IRST-40 Sleeper grade Portland Cement and Portland Pozzolana Cement (PPC), etc. apart from manufacturing Portland Slag Cement (PSC).
- 2.4 During the year, the Cement plant at Rajgangpur achieved cement production of 20 Lakh Tonnes. In view of commissioning of cement grinding unit at Kapilas Cement Works, near Cuttack (Orissa) which is expected to be fully operational during next financial year, your Company is targeting a production of 28 Lakh Tonnes during next financial year.
- 2.5 During the year, freight charges continued to increase significantly due to various reasons like restrictions imposed on carrying capacity of trucks; inadequate availability of trucks consequent upon increase in demand for trucks by Sponge Iron units located in the region where your plant is located and increase in diesel cost announced by Government during the year, etc. Rise in logistic cost could be contained by your Company by striking a balance in the use of rail vs. road mix depending upon comparable economies of respective avenues. It is expected that the commissioning of Kapilas Cement Works (KCW) would help in easing the pressure on road transport to coastal areas as they can now be fed from KCW.
- 2.6 Project work for Clinkerisation unit Line-2 at Rajgangpur works is in progress and the same is likely to be commissioned in the later part of the next financial year that would substantially enhance your Company's installed clinkerisation capacity.
- 2.7 Your Directors are glad to report that trial cement production at KCW near Cuttack, Orissa falling under Thrust Sector category of Orissa Industrial Policy-2007, commenced on March 29, 2008. After full plant stabilization and synchronization of production facilities, etc., commencement of commercial production would start. Barring unforeseen circumstances, the Company hopes to commence commercial production by June/July 2008. The installed capacity of this unit with one imported Cement Vertical Rolling Mill (CVRM) is 0.9 Million tonnes of Portland Slag Cement (PSC) per annum based on finely ground cement with higher Blaine, lower clinker and higher slag content, conforming fully to BIS specifications for PSC manufacture. However, the rated installed capacity of this unit would automatically stand revised to 1.36 Million Tonnes of PSC per annum when cement conforming fully to BIS specifications is manufactured with lower Blaine, higher clinker and lower slag content.
- The 'consent to operate' pollution control clearance granted by the Orissa State Pollution Control Board for the said KCW permits presently your Company to produce upto 0.9 Million Tonnes of cement per annum. The Company has initiated steps to obtain necessary clearances from Orissa State Pollution Control Board and from the Ministry of Environment & Forests (MoEF), Government of India so that production upto full installed capacity of 1.36 Million Tonnes of cement per annum of the said Unit could be achieved, as clinker availability would not be a constraint, once the Clinkerisation unit Line-2 project under implementation at Rajgangpur is commissioned. Accordingly, cement production at Company's KCW Unit will stand restricted for the time being to 0.9 Million Tonnes till the Company secures necessary pollution clearances as above mentioned.
- 2.8 Orders for supply of main equipments for 2X27 MW Captive Thermal Power Plant (CPP) at Rajgangpur works have already been placed. The CPP is likely to be commissioned during the financial year 2009-10.

#### **REFRACTORY DIVISION:**

- 3.0 During the year 2007-08, your Company has achieved total domestic sales of Rs. 183.05 Crores as compared to Rs. 189.92 Crores during the previous year. The shortfall in total turnover is mainly due to deferment of orders for silica refractories on account of delay in projects for Repair/Rebuilding of Coke ovens in Steel Authority of India Limited ("SAIL") plants. Projects earlier announced by SAIL are now being put in at different sites with defined schedule. Your Company has been successful in obtaining orders for Coke Oven batteries of Bokaro Steel Plant.
- 3.1 In the non-ferrous sector the focus given by your Company is resulting into good orders, particularly from glass industries from domestic and international consumers. Initial supply of refractories for Anode Baking Furnace of international designer has effected this year and this will open up international market.



- 3.2 Your Company has successfully supplied Coke Oven silica bricks in time in one of the SAIL plants this year.
- 3.3 Your Company has entered into technical collaboration agreement with M/s. TYK Corp., Japan, a renowned refractory manufacturer in Japan, for manufacture of slide gate plate mechanism to be used in steel plants. This will enhance the technical capability of your Company in flow control segment of business. The objective of this technical collaboration is to upgrade the existing mechanism in India.
- 3.4 On export front, during year 2007-08, your Company has achieved a total sale of Rs. 36.15 Crores (8108 MT) as against Rs. 22.60 Crores (5,744 MT) during the previous year. The turn over is higher by around 60% over last year and the quantity is also higher by 41%, in spite of stiff competition from China and aggressive marketing by European manufacturers who enjoy product preference from their traditional customers, besides other Indian manufacturers.

#### **4.0 ALLOTMENT OF CAPTIVE COAL BLOCK AND PROGRESS THERE UPON**

Your Company, along with other allocatees, has applied to the Ministry of Coal for sub-division of the jointly allotted Radhikapur (West) coal block into two parts, based on proven extractable deposits, one for the proportionate area covering the quantity of coal allotted to M/s Rungta Mines and the other for the proportionate area covering jointly the quantities allotted to your Company and M/s Ocean Ispat Private Limited. This action has been initiated to ensure transparency and ease of operation. The stay granted by the Hon'ble Orissa High Court in the matter of writ filed by your Company against forced implementation of mining operations under Option-III as per draft agreement proposed by the Government, under the leadership of M/s Rungta Mines, is still in operation. Soon after the Government dispose off the application for sub-division, necessary effective steps would be taken to bring the allotted captive coal mines into operation at the earliest.

#### **5.0 APPROVAL OF SCHEME OF ARRANGEMENT**

The Hon'ble High Courts of Orissa and Guahati have approved the Scheme of Arrangement involving demerger of Steel Undertaking into OCL Iron and Steel Limited and Real Estate Undertaking into Landmark Property Development Company Limited (formerly "Konark Minerals Limited) and merger of Dalmia Cement (Meghalaya) Limited into the Company. The Scheme of Arrangement has become effective from December 20, 2007 on filing of the Court Orders with the Registrar of Companies, Orissa.

Pursuant to the merger of Dalmia Cement (Meghalaya) Limited into the Company, the Company has allotted 1,23,52,500 equity shares of Rs. 2/- each to Dalmia Cement (Bharat) Limited (DCB) being the shareholder of Dalmia Cement (Meghalaya) Limited. The said shares have been listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. 25% of the shares so allotted to DCB are subject to lock-in for a period of three years, i.e., up to April 10, 2011.

Further, in consideration of Demerger, OCL Iron and Steel Limited and Landmark Property Development Company Limited have allotted 3 equity shares of Re.1/- each for every one equity share of the Company held by the shareholders of the Company. Listing applications of the said shares are in process.

#### **6.0 SHARE CAPITAL**

During the financial year 2007-08 the share capital of the Company has increased from Rs. 8,90,95,440/- to Rs. 11,38,00,440/- due to allotment of 1,23,52,500 equity shares of Rs. 2/ each in the ratio of 61:100 to Dalmia Cement (Bharat) Limited as a consideration for merger of Dalmia Cement (Meghalaya) Limited with the Company. The new shares are listed on both Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

#### **7.0 LISTING OF THE COMPANY'S SHARES**

The Company's equity shares continue to be listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. New shares issued in consideration of merger pursuant to the Scheme of Arrangement have also been listed on both the said stock exchanges and admitted into depositories for extending electronic trading facility.

#### **8.0 PROJECTED & ACTUAL FIGURES OF UTILISATION OF RIGHTS ISSUE FUNDS**

As per Clause No. 43 of Listing Agreement, the projected and actual figures of utilization of funds raised through rights issue are given below.



Heads of expenditure	As per Letter of Offer during 07-08 (Rs. In Lakhs)	Actuals during 07-08 (Rs. In Lakhs)
Capital expenditure	5463.51	2999.75

The Company had raised Rs. 7636.75 Lakhs during FY 2006-07 through rights issue. As per the Letter of Offer it was proposed to spend Rs. 2173.24 Lakhs (i.e., Rs. 2130.84 Lakhs as capital expenditure and Rs. 42.40 Lakhs as issue expenses) during FY 2006-07 and the balance amount was to be spent during FY 2007-08. However, the Company had actually spent Rs. 4605.13 Lakhs as capital expenditure during FY 2006-07 for speedy and earlier completion of specified project and Rs. 31.87 Lakhs as issue expenses. Accordingly, the balance amount of Rs. 2999.75 Lakhs has been spent during 2007-08.

#### **9.0 DIRECTORS RESPONSIBILITY STATEMENT**

In terms of provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures, wherever applicable.
- b) 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 true and fair view of the state of affairs of the Company, as at the end of the financial year and of the Profit & Loss Account of the Company for that period.
- c) The Directors have taken proper and sufficient care 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;
- d) The Directors have prepared the annual accounts on a going concern basis.

#### **10.0 SUBSIDIARIES**

During the year OCL Iron and Steel Limited and Landmark Property Development Company Limited (formerly Konark Minerals Limited) have ceased to be subsidiaries of the Company as a result of allotment of shares by the respective companies on March 31, 2008 to the shareholders of the Company as per the Scheme of Arrangement.

Kashmissa Industries Limited, another subsidiary of the Company, has filed an application under section 560 of the Companies Act 1956 for striking off its name from the records of the Registrar of Companies.

#### **11.0 LABOUR MANAGEMENT RELATIONS**

Relations between the Management and Employees were cordial during the year under review.

#### **12.0 DEPOSITS**

As on March 31, 2008 there were 41 deposits aggregating Rs. 13.15 Lakhs which remained unclaimed beyond due dates, out of which deposits aggregating Rs. 2.08 Lakhs have since been renewed/repaid.

#### **13.0 PARTICULARS OF EMPLOYEES**

The particulars of the employees as required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are set out in the **Annexure-I**, which forms part of this report.

#### **14.0 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO, ETC.**

Information required 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 with regard to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in **Annexure-II**, which forms part of this report.

#### **15.0 CORPORATE GOVERNANCE**

As per Clause No. 49 of the Listing Agreement, report on Corporate Governance is given in **Annexure-III**, which forms part of this Report.



#### **16.0 CORPORATE SOCIAL RESPONSIBILITY**

Your Company has always been giving priority to community development. It has undertaken a number of developmental activities in peripheral areas of Rajgangpur and Lanjiberna for improving the social and economic condition of tribals. The activities are mainly focused in areas like health, education and drinking water. During the year your Company has spent Rs. 28.45 lakhs on activities in focused areas. The Company is also operating a mobile health care unit for the senior citizens in Jagatsinghpur District of Orissa through "Help Age India", NGO of National repute. Your Company pledges to continue its efforts in this direction more vigorously in future.

#### **17.0 AUDITOR'S REPORT**

The Auditor's Report to the Shareholders does not contain any qualification.

#### **18.0 AUDITORS**

M/s V. Sankar Aiyar & Co., Chartered Accountants, the existing Auditors retire at the conclusion of ensuing Annual General Meeting of your Company and are eligible for re-appointment. As required under Section 224 of the Companies Act, 1956, the Company has obtained from them a certificate to the effect that their re-appointment, if made, would be in conformity with the limits prescribed in said section.

#### **19.0 DIRECTORS**

Shri H. V. Lodha and Shri Y. H. Dalmia have resigned from the Board of Directors with effect from May 12, 2008 and May 14, 2008, respectively and Shri Puneet Dalmia has been co-opted as Additional Director with effect from May 15, 2008.

#### **20.0 ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation of the timely support provided by your Company's Bankers and Financial Institutions.

Your Directors acknowledge the dedication and commitment of the employees at all levels and also take this opportunity to thank all the valued customers who have appreciated our products and have patronized them.

Your Directors convey their grateful thanks to the Government Authorities (Central & States), Bankers, shareholders, distributors and dealers for their continued assistance, co-operation and patronage.

**For & on Behalf of the Board  
(Pradip Kumar Khaitan)  
Chairman**

Place: New Delhi  
Date: May 15, 2008



## ANNEXURE - I TO THE DIRECTORS' REPORT

### Statement Pursuant to Section 217(2A) of the Companies Act 1956 and the Companies (Particulars of Employees) Rules, 1975

Name and Age (Yrs)	Designation and nature of duties	Remuneration Recd. Rs.	Qualification and Experience Yrs.	Date of commencement of Employment	Last Employment held and Designation
Dalmia M.H. (66)	President	90,17,727	B.CH.E (47)	01.01.1970	Dalmia Agencies (P) Ltd. – Director
Dalmia R.H. (58)	President	77,16,660	B.TECH (34)	01.10.1980	Hari Yantra Udyog – President
Dalmia Gaurav (42)	Joint President	34,40,990	B.Sc (Elect), MBA (20)	23.07.1990	Orissa Cement Ltd.- Asst. Exec. Director
Malhotra <sup>1</sup> Rakesh (49)	Executive Director (Finance)	12,61,130	FCA (28)	29.03.2000	Ansal Properties & Industries Limited – Senior Vice President – Finance
Sood Ved Prakash(68)	Whole Time Director	1,07,86,250	B.A. MASW (44)	8.06.1963	OCL India Limited - Executive Director
Shroff R. P. (74)	Senior Executive Director (Accounts and Taxation)	38,92,178	FCA (48)	03.05.2003	OCL India Limited – Executive Director (Accounts & Taxation)
Dinkar Nath* Singh (53)	Chief Financial Officer	11,95,234	LL.B., FICWA (28)	05.11.2007	Indo Power Tech imited – Chief Financial Officer
D. D. Atal (59)	Executive Director (Cement Works)	31,05,875/-	BE (Electrical) (36)	02.05.2007	Ultra Tech Cement Limited – Hirmi Cement Works, Hirmi. Executive President

<sup>1</sup> Resigned from the service.

\* Employed during part of the year.

Notes: -

1. In addition to the above remuneration, the employees are also entitled to Gratuity and benefits of personal accident insurance in accordance with the Company's Rules.
2. Mr. M. H. Dalmia and Mr. R. H. Dalmia are brothers of Mr. Y. H. Dalmia<sup>1</sup>, Director of the Company.
3. Mr. M. H. Dalmia, Mr. R. H. Dalmia, Mr. Gaurav Dalmia, Mr. D. N. Singh and Mr. D. D. Atal are employed on non-contractual basis, whereas Mr. V. P. Sood and Mr. R. P. Shroff are employed on a contractual basis
4. The nature of duties of Mr. M. H. Dalmia, Mr. R. H. Dalmia and Mr. Gaurav Dalmia is general management and administration. Whereas, Mr. R. P. Shroff is Head of the Accounts and Taxation Department, Mr. D. N. Singh is head of the Finance Department and Mr. D. D. Atal is Head of Cement Works of the Company. Mr. V. P. Sood is looking after the day to day affairs of the Company.
5. The shareholding of Mr. M. H. Dalmia and Mr. R. H. Dalmia alongwith their respective spouses, as of March 31, 2008, in the Company is more than 2%, i.e., 7.59% and 3.19%, respectively.

<sup>1</sup> Resigned with effect from May 14, 2008



## ANNEXURE-II TO THE DIRECTORS' REPORT

### STATEMENT CONTAINING PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

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#### I. CONSERVATION OF ENERGY

##### CEMENT:

##### a) Energy Conservation measures taken

- i) Increasing raw mill VRM output and reducing specific electrical energy by reducing the size of crushed limestone and by decreasing the fineness of the product.
- ii) Ducts modification to reduce pressure drop and reduction of power consumption in Raw Mill and ESP fan circuit.
- iii) Complete regrading of grinding media of coal to reduce power consumption.
- iv) CVRM-III classifier replacement to increase output and reduce specific power consumption
- v) Installation of waste gas fan for utilizing waste hot gases from Kiln for drying of slag.
- vi) Implementation of Section-wise daily energy monitoring MIS.

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

- i) Installation of new impeller for cooler ESP fan to reduce power consumption
- ii) Installation of variable speed drive for cooler fans
- iii) Installation of Variable Speed drives for Pre-heater fan, Cooler fans and other Process fans to conserve power.
- iv) Replacement of Pre-heater fan impeller with high efficiency impeller.
- v) Upgradation of three nos. SPRS for Process fans.
- vi) Replacement of Liquid rotor starter with grid resistance starter.
- vii) Installation of new FLS DCS with process Expert System.

##### c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of grades:

- i) Saving of electrical as well as thermal energy usage.
- ii) Utilisation of waste heat for drying moisture of raw materials such as slag thus saving on drying cost.
- iii) Creating intensive awareness on need of energy conservation.

#### ENVIRONMENTAL IMPROVEMENT

##### CEMENT:

##### a) Environmental improvement measures taken:

- i) Conversion of Cement ball mill ESP to Hybrid bag filter to reduce emission
- ii) Development of green belt.
- iii) Rain water harvesting.

##### b) Additional investments and proposals, if any, being implemented for Environmental improvement:

- i) Procurement of Road sweeping machine to control fugitive dust emission.
- ii) Covering by shed of Stacker reclaimers for Gypsum, Coal and slag.
- iii) Development of green belt.
- iv) Rain water harvesting.

##### c) Impact of the measures at (a) and (b) above for environmental improvement:

- i) Reduction in stack and fugitive dust emission.
- ii) Green belt is one of helpful measure to control Global warming.
- iii) Rain water harvesting helps to recharge the water table.



**REFRACTORY:**

**a) Energy Conservation measures taken:**

- Conversion of one more tunnel kiln from oil to gas firing system.
- 2<sup>nd</sup> Shaft Kiln is converted to gas firing system.
- Use of high CV coal for firing upto 1600°C replacing oil.
- Interlocking of accessory equipments with the main production circuits to avoid their running, when main circuit is not in operation.
- Use of energy efficient metal halide lamps and new generation tube lights in plant & colony.
- Use of AC drives for energy efficient operation of fans.
- Installation of dedicated screw compressors to Tunnel Kilns.
- Actions taken to lower down intake air temp to Compressors and eliminate leakages/wastages of compressed air.

**b) Additional investment and proposals**

- One more Tunnel kiln will be converted from oil to gas firing system.
- Tunnel kiln cars will be converted into low mass cars.

**c) Impact of the measures at (a) & (b) above for reduction of energy consumption & consequent impact on cost of production of grades:**

- Saving in energy usage.



**FORM-A**

**(PARTICULARS OF TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION)**

	2007-2008		2006-2007	
	CEMENT	REFRACTORY	CEMENT	REFRACTORY
<b>A POWER AND FUEL CONSUMPTION</b>				
<b>1 Electricity</b>				
<b>a) Purchased</b>				
Units (in lacs kwh)	1,553.04	155.15	1,590.86	177.68
Total Amount (Rs. in lacs)	4,665.04	518.28	4,481.38	581.51
Rate/ Unit (Rs.)	3.00	3.34	2.82	3.27
<b>b) Own generation</b>				
<b>i) Through Power Generators</b>				
Unit (in lacs kwh)	141.64	11.71	42.21	4.35
Units per Ltr. Of fuel (in Kwh)	3.29	3.29	3.50	3.50
Cost/Unit (Rs.)	7.32	7.32	7.08	7.08
<b>ii) Through Steam turbine/Generators</b>				
Unit (in lacs)	-	-	-	-
Units per ltr. of fuel oil /gas	-	-	-	-
Cost /Unit (Rs.)	-	-	-	-
<b>2 Coal</b>				
Tonnes (in lacs)	1.89	0.31	1.90	0.35
Total Cost (Rs. in lacs)	3,515.18	1,011.99	3,010.15	628.35
Average rate (Rs./MT)	1,861.05	3,238.96	1,584.29	1,799.04
<b>3 Furnace Oil</b>				
Quantity (K.ltr)	5,470.61	1,572.71	2,466.06	2,346.23
Total amount (Rs. in lacs)	988.42	278.97	389.08	394.29
Average rate (Rs./K.ltr.)	18,250.74	17,738.23	15,777.75	16,863.16
<b>4 Others / Internal Generation</b>				
<b>a) Light Diesel Oil for PG Sets</b>				
Quantity (K.Ltr.)	79.43	6.57	-	-
Total Cost (Rs.in lacs)	14.05	1.16	-	-
Rate/Unit (Rs./kl Ltr.)	17,700.50	17,700.46	-	-
<b>b) Light Diesel Oil for KHD Kiln</b>				
Quantity (K.ltr)	31.60	0.01	-	-
Total cost (Rs.in lacs)	7.11	1.14	-	-
Rate/Unit (Rs./K.ltr)	22,526.35	111,716.53	-	-
<b>c) Light Diesel Oil for CVRM</b>				
Quantity (K.ltr)	63.90	-	-	-
Total cost (Rs.in lacs)	14.39	-	-	-
Average Rate/Unit (Rs./K.ltr)	22,526.35	-	-	-
<b>d) HSD Oil for CVRM</b>				
Quantity (K.Ltrs)	-	-	-	-
Total Cost(Rs. in lacs)	-	-	-	-
Rate per Unit (Rs./K/Ltr)	-	-	-	-



		2007-2008		2006-2007	
		CEMENT	REFRACTORY	CEMENT	REFRACTORY
e)	<b>High Speed Diesel Oil etc. for Pay loaders &amp; Tippers at Factory</b>				
	Quantity (K.Ltrs)	157.57		166.86	-
	Total Cost(Rs. in lacs)	45.83		47.77	-
	Rate per Unit (Rs./Kltr)	29,086.28		28,628.83	-
f)	<b>HSD Oil for Diesel Locos</b>				
	Quantity (K.ltr.)	77.04		70.43	-
	Total cost (Rs.in lacs)	21.99		21.57	-
	Rate/Unit (Rs./Kltr.)	28,551.76		30,624.23	-
g)	<b>Dynamics F for Kilns</b>				
	Quantity (K.ltr.)	-	1.4	-	1.80
	Total cost (Rs. in lacs)	-	3.67	-	4.64
	Rate / Unit (Rs./Kltr.)	-	262,272.86	-	257,872.78
	<b>Standards (if any)</b>		<b>2007-08</b>		<b>2006-07</b>
B	<b>CONSUMPTION PER UNIT OF PRODUCTION (PER MT)</b>				
a)	<b>Cement</b>				
	• Electricity (KWH)		85.00		87.00
	• Furnace Oil (Litres)		0.63		0.67
	• Coal for Kiln and CVRM (grades C to F & Coke breeze)(Kgs.)		0.10		0.10
	• Others - L.D. Oil (Litres.)				
	For KHD Kiln and CVRM		0.05		-
	• HSD Oil for Pay loaders and tippers		0.08		0.09
	• HSD Oil for CVRM		-		-
b)	<b>Refractory</b>				
	• Electricity (KWH)		298		391
	• Furnace Oil (K. Litres)				
	For Oil Fired Bricks		0.015		0.015
	For Mixed Fire Bricks		0.19		0.34
	• Coal (MT) (B grade )				
	For Gas fired bricks		0.82		1.25
	For Mixed fire bricks		0.74		1.51
	• Dynamics F				
	For oil fired bricks		0.00		0.00

**REASONS FOR VARIATION IN THE CONSUMPTION OF POWER AND FUEL FROM STANDARDS OR PREVIOUS YEAR:**

**CEMENT:**

- Coal and oil consumption per tonne of cement is lower due to improved use of waste heat of clinker section in CVRMs for slag drying.
- Power consumption per tonne of cement grinding is lower due to improved productivity after classifier change with bigger capacity.

**REFRACTORY:**

- Improvement actions implemented to reduce the electric power consumption.
- Interlocking of dust filters with respective circuits and machines.
- Controlled compressed air pressure, air leakage/wastage, air intake temperature, and compressor load management.
- Due to increase in production by 21% from the same equipments the impact of consumption on KWH/MT has reduced.
- Electricity consumption of Clay calcinations in Shaft Kiln is excluded and charged to raw material cost.



## FORM B

### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

#### II. TECHNOLOGY ABSORPTION

##### (A) Research & Development (R&D)

##### 1. Specific Areas in Which R & D carried out by the Company

###### CEMENT:

1. Development of Masonry Cement.
2. Use of Fly Ash in Raw Mix .
3. Making use of limestone having 1% lower lime content for clinker production compared to existing grade of limestone.
4. Development of PSC having slag more than 57% slag.

###### REFRACTORY:

1. Development of Dolomite bricks.
2. Development of Magnesite Chrome bricks for Cement Rotary Kiln.
3. Development of Magnesite Alumina Spinel bricks for Cement Rotary Kiln.
4. Developed Zircon Nozzles for Tundish.
5. Developed SEN for high sequence casting.
6. Developed DeP lance for De phosphorisation of hot metal.

##### 2. Benefits derived as a result of the above R&D:

###### CEMENT:

1. Reduction of Carbon dioxide emission. UNFCCC has registered emission reduction of PSC and PPC projects. PSC blended cement Project is under process of verification.
2. Increase in mines life.
3. Use of industrial waste in cement manufacturing.

###### REFRACTORY:

1. Panel trial with developed products was found satisfactory in AOD Furnace, commercial production will commence in 2008-09.
2. Field performance in one cement factory found satisfactory. Its marketing in cement industry will open up.
3. Developed product is marketed regularly in India, Pakistan & Bangladesh.
4. Business volume got increased in domestic as well as export market.
5. New business in domestic steel industries.

##### 3. Future Plan of Action

###### CEMENT:

1. Enhancement of clinker/cement capacity through use of advanced technology for low energy consumption and use of waste derived fuel, etc.
2. Installation of washery to enable use of inferior quality coal and use of rejects in proposed Captive Thermal Power Plant using CFBC technology.

###### REFRACTORY:

1. Commercial manufacture of dolomite bricks.
2. Development of Dry Hearth Ramming Mass for EAF.
3. Introduction & standardization of new slide gate mechanism.
4. Development of MBS with Magnesite Carbon nozzle.
5. Gunning material for Torpedo Ladle.

##### 4. Expenditure on R&D

i)	Capital	Rs. 29.59 Lakhs
ii)	Recurring	Rs. 47.83 Lakhs
iii)	<b>Total</b>	<b>Rs. 77.42 Lakhs</b>
iv)	Total R&D expenditure as a Percentage of total turnover 0.09%.	



## (B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

### REFRACTORY

#### 1. Efforts, in brief, made towards technology absorption, adaptation and innovation.

The Company entered into an agreement with M/s TYK Japan for technology transfer of slide gate mechanism and permission to manufacture in India.

#### 2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc

- Retention of business and Product improvement.

#### 3. In case of imported technology (imported during the last 5 years), following information may be furnished:

- Technology imported: Slide gate Mechanism from TYK corporation Japan
- Year of import : 2007-08
- Has technology been fully absorbed : No
- If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action. : The drawings have been received and it is expected that the prototype will be developed in next financial year.

### III. FOREIGN EXCHANGE EARNINGS AND OUT-GO

#### ACTIVITIES RELATING TO EXPORTS; INITIATIVES TAKEN TO INCREASE EXPORTS; DEVELOPMENT OF NEW EXPORT MARKETS FOR PRODUCTS AND SERVICES; AND EXPORT MARKETS.

##### REFRACTORY:

During the year the Company has tied up with two companies for supply of cc and slide gate refractories in European Union. Product trials have been done in South American steel plants and foundries. The Company also initiated supply of CC refractories in far east as well. Good market has been established in Pakistan and Bangladesh for various products. The Company has also established its refractory products in Copper and Zinc industry. Contacts have been developed with consultants who are giving consultancy to plants in Middle East and Africa. This will help your Company in getting single window orders for supply of various refractories.

##### Total Foreign Exchange used and earned:

➤ Used : Rs. 10976.70 Lakhs

<b>Imports (C.I.F. Value)</b>		<b>(Rs. in Lakhs)</b>
(i) Raw Materials	:	3,771.83
(ii) Stores and Spareparts	:	310.26
(iii) Capital Goods	:	6,468.01
(iv) Expenditure in foreign currency on account of Royalty, Professional Consultation Fees, Interest, Commission and Other matters.	:	426.60
<b>TOTAL</b>	<b>:</b>	<b>10,976.70</b>

➤ Earned : Rs. 2,477.28 Lakhs

		<b>(Rs. in Lakhs)</b>
(i) Goods exported (F.O.B. Value)	:	2,439.52
(ii) Interest receipt	:	5.01
(iii) Service charges	:	32.40
(iv) UK Vat refund	:	0.35
<b>TOTAL</b>	<b>:</b>	<b>2,477.28</b>



## ANNEXURE-III TO THE DIRECTORS' REPORT CORPORATE GOVERNANCE

### I. PHILOSOPHY ON CODE OF GOVERNANCE

The Company firmly believes in and continues to practice good corporate governance. Corporate governance seeks to raise the standards of corporate management, strengthens the Board systems, significantly increase its effectiveness and ultimately serve the objective of maximizing the shareholders value. The philosophy of the Company is in consonance with the accepted principles of good governance.

### II. BOARD OF DIRECTORS

A) Composition of Board of Directors - The Company has a thoroughly professional Board with a majority of non-executive and independent Directors. The number of non - executive and independent Directors on the Board is in excess of the number stipulated in clause 49 to the Listing Agreement.

Sl. No.	Name of the Director	Designation	Category of Director attended	No. of Shares held	No. of Board Meetings	No of other Director-ships	Total No. of Committees #	
							Member-ship	Chairman-ship
1.	Shri Pradip Kumar Khaitan	Chairman	Non-executive and Non-Independent	Nil	5	15	6	1
2.	Shri V. D. Jhunjhunwala	Director	Non-executive and Independent	Nil	4	2	2	Nil
3.	Shri Y. H. Dalmia <sup>2</sup>	Director	Promoter, Non-executive and Non Independent	1,13,52,293 equity shares	6	2	Nil	Nil
4.	Shri V. P. Sood	Whole Time Director	Executive and Non Independent	33,000 equity shares	2	3	1	Nil
5.	Shri D. N. Davar	Director	Non-executive and Independent	Nil	6	13	9	5
6.	Dr. S. R. Jain	Director	Non-executive and Independent	Nil	6	3	4	2
7.	Shri H. V. Lodha <sup>3</sup>	Director	Non-executive and Independent	Nil	0	9	5	2
8.	Dr. R. C. Vaish	Director	Non Executive and Independent	Nil	2	6	2	Nil

Notes:

- a) Six Board meetings were held during the Financial Year 2007-08 on 17.05.2007, 16.06.2007, 28.07.2007, 24.10.2007, 25.01.2008 and 31.03.2008.
  - b) The Non Executive Chairman has not desired an office at the Company's expense.
  - c) # The chairmanship/membership of the committees reported above includes the chairmanship/membership of the committees of the Company.
  - d) The Annual General Meeting was held on September 17, 2007 and was attended by Shri V. P. Sood Whole Time Director and Shri D. N. Davar, Chairman, Audit Committee..
- B) Board procedure - The time gap between any two meetings of the Board of Directors is not more than four months. The details about performance of the various units of the Company, financial position, legal compliance, quarterly results, share transfer details and all other aspects of the Company which are relevant for review of the Board of Directors are being given in a structured format at each meeting. The said information complies with the requirements of the Code of Corporate Governance with regard to the information to be placed before the Board of Directors. No Director is a Member in more than ten Committees or acts as Chairman of more than five Committees of the companies in which he is a Director. Every Director informs the Company about the position he occupies in Companies/Committees and notifies the changes as and when they take place.

<sup>2</sup> Resigned with effect from May 14, 2008.

14 <sup>3</sup> Resigned with effect from May 12, 2008.



A Committee of Directors consisting of four Directors has been constituted to decide urgent business that might arise in between two Board meetings. The details of attendance of Directors at the Committee Meetings are given below:

Date of Committee Meeting	Shri D. N Davar Chairman	Shri V.D Jhunjunwala Member	Dr. S.R. Jain Member	Shri R. C. Vaish Member
11.08.2007	Present	Absent	Present	Present
11.10.2007	Present	Absent	Present	Absent

C) Inter – se relationship - The Directors are not related inter – se.

### III. AUDIT COMMITTEE

A) Terms of reference - The role and terms of the reference of the Audit Committee covers the areas mentioned in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors. The Committee reviews the Management Audit Reports periodically. It also reviews the Annual Accounts and Quarterly Results of the Company before they are placed before the Board of Directors. The Committee also meets the Statutory Auditors periodically and discusses the findings, suggestions and reviews the major accounting policies followed by the Company. The Minutes of the Audit Committee meetings are circulated to the Board.

Pursuant to the amendment made to Clause 49 of the Listing Agreement, the committee reviews the audited financial statements with reference to the Director's Responsibility Statement in terms of clause (2AA) of section 217 of the Companies Act, 1956. In addition to the above, the committee also reviews the following: -

- a) Management discussion and analysis of financial condition and results of operations.
- b) Statement of significant related party transactions submitted by the Management.
  - i) A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the audit committee.
  - ii) Details of material individual transactions with related parties, which are not in the normal course of business, are placed before the audit committee.
  - iii) Details of material individual transactions with related parties or others, which are not on an arm's length basis, are placed before the audit committee, together with Management's justification for the same.
- c) Management letters/letters of internal control weaknesses, if any, issued by the statutory auditors;
- d) Internal audit reports relating to internal control weaknesses; and
- e) The appointment, removal and terms of remuneration of the Chief Internal Auditor are subject to review by the Audit Committee.

B) Composition of Audit Committee - The Audit Committee comprises four Directors with Shri D. N. Davar as its Chairman and Shri V. D. Jhunjunwala, Shri H. V. Lodha<sup>4</sup> and Dr. S. R. Jain as its members.

C) Meetings and attendance - The meetings of the Audit Committee are usually held before the Board Meetings where the Financial Results of the Company are considered. The particulars of Audit Committee meetings held during the year 2007-2008 and the attendance of the members are as follows:

Date of Audit Committee	Shri H. V. Lodha	Shri V. D. Jhunjunwala	Dr. S. R. Jain	Shri D.N.Davar
17.05.2007	Absent	Present	Present	Present
27.07.2007	Absent	Present	Present	Present
24.10.2007	Absent	Present	Present	Present
25.01.2008	Absent	Present	Present	Present

### IV REMUNERATION OF DIRECTORS

The remuneration of Non Whole Time Directors and Whole Time Director is fixed by the Board of Directors subject to approval of the shareholders and there is no separate Remuneration Committee.

<sup>4</sup> Resigned with effect from May 12, 2008.



The Sitting fees of Rs. 20,000/- per meeting is paid to Non Whole Time Directors for attending the Board meetings and Rs. 10,000/- per meeting is paid to the members of the Committees for attending the Committee meetings besides reimbursement of out of pocket expenses. The Non Whole - Time Directors are also paid commission within the ceiling of one percent of the yearly profits.

During the year the Company has paid Rs. 16,54,850/- as professional fees to M/s Khaitan & Co. , a firm in which Shri Pradip K. Khaitan, Director of the Company, is a partner.

There were no other pecuniary relationship/ transaction of the non-executive directors *vis a vis* the Company.

The terms of appointment and remuneration paid to Whole Time Director is given below:

**Shri V. P. Sood**

- a) Period : 1<sup>st</sup> April 2003 to 31<sup>st</sup> March 2008\*
- b) Remuneration : Salary and Allowances Rs. 89,56,487/-  
Value of perquisites Rs. 12,01,203/-  
Contribution to PF & other Funds Rs. 6,28,560/-
- c) Other terms: The Agreement may be terminated by either party by giving three months' notice. If the Agreement is terminated by the Company, the Company needs to pay three months salary in lieu of the notice.
- \* Subject to the approval of shareholders, Shri V. P. Sood has been re-appointed as Whole Time Director by the Board of Directors for a period of two years w.e.f. April 1, 2008.

**V SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

The Committee consists of three Directors with Dr. S. R. Jain, a Non - Executive Director, as its Chairman and Shri V. D. Jhunjunwala and Shri V. P. Sood as its members.

The particulars of Shareholders/Investors Grievance Committee meetings held during the year 2007-2008 and the attendance of the members are as follows:

Date of Shareholders/Investor Grievance Committee meetings	Dr. S. R. Jain	Shri V. D. Jhunjunwala	Shri V. P. Sood
17.05.2007	Present	Present	Present

Investor Complaints received/settled during the year:

Sl. No.	Type of Complaint	Complaints received	Complaints redressed	Complaints pending
1	Transfer/Transmission of Shares.	1	1	0
2	Dividend	2	2	0
3	Forfeiture of shares	1	1	0
4	Miscellaneous (Change of address etc.,)	-	-	-
	<b>TOTAL</b>	<b>4</b>	<b>4</b>	<b>0</b>



As per amended Clause no. 47(f) of the Listing Agreement, the Company has designated an E-mail ID "grievance@ocl.in" for registering the complaints by Investors/shareholders. The details are displayed in the Company's website www.oclindia.ltd.in.

## VI GENERAL BODY MEETINGS

### A) Location and time, where Annual General Meetings held in last three years -

AGM	DATE & TIME	LOCATION	WHETHER SPECIAL RESOLUTIONS WERE PASSED
55 <sup>th</sup> AGM	25 <sup>th</sup> June, 2005 at 11.30 a.m.	Company's Rest House at Rajgangpur-770 017 (Orissa)	Special resolutions were passed for amendment of Articles of Association and issue of further securities.
56 <sup>th</sup> AGM	9 <sup>th</sup> September 2006 at 11.30 a.m.	Company's Rest House at Rajgangpur-770 017 (Orissa)	Special resolution was passed for appointment of Shri Puneet Dalmia as Joint President.
57 <sup>th</sup> AGM	17 <sup>th</sup> September 2007 at 11.30 a.m.	Company's Rest House at Rajgangpur-770 017 (Orissa)	Special resolution was passed for reduction of share premium account pursuant to Section 100 of the Companies Act, 1956 by an amount upto Rs. 1200 million or such other amount as may be deemed necessary by the Board/Committee of the Directors while implementing the Scheme of Arrangement.

The previous Annual General Meeting of the Company was held on 17<sup>th</sup> September 2007 at 11.30 a.m. at the Company's rest house at: Rajgangpur-770 017, District: Sundargarh (Orissa). In the absence of Chairman of the Board of Directors, the meeting was chaired by Shri V. P. Sood, Whole Time Director of the Company. Shri D. N. Davar, Chairman of the Audit Committee also attended the Annual General Meeting.

### B) Resolutions passed by Postal Ballot

During the financial year 2007-08 the following special resolutions were passed by receiving the consent of the shareholders through postal ballot pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001. Mr. B K Sharma was appointed as 'Scrutinizer' to conduct and report the postal ballot results.

Reference of Sections	Purpose of the resolution	Voting Pattern
Resolution for amendment of objects clause under Section 17 of the Companies Act 1956	To carry on the business of supply of skilled manpower to overseas countries.	2,76,78,611 votes were cast in favour of and 10,256 votes were cast against the resolution.
Resolution for Commencement of new business under section 149(2A) of the Companies Act 1956	To carry on the business of Power Generation including Wind Power Generation and distribution and transmission of the power and supply of skilled manpower to overseas countries.	2,76,58,328 votes were cast in favour of and 10,813 votes were cast against the resolution.

## VII DISCLOSURES

A) The Company during the year has not entered into transactions of material nature with its promoters, the Directors, their relatives, subsidiary companies etc. that may have potential conflict of interest with the Company. No penalties, strictures have been imposed on the Company by the stock exchanges or SEBI on any matters related to capital markets during the last 3 years.

### B) Particulars of contract in which Directors are interested

Name of the Director	Name of the Party	Number & date of the contract/order	Principal terms of the Contract/orders
Sri P. K. Khaitan	M/s Khaitan & Co, New Delhi	Appointment letter no. ND: 228/05 dated 7 <sup>th</sup> July, 2005	Appointment as consultants for legal and other matters at a remuneration of Rs.9,000/- p.m. for 3 years w.e.f. 01.04.2005.



- C) **Code of Conduct:** The Company's Board of Directors and officers in Senior Management have confirmed compliance with the Code of Conduct of the Company for the financial year 2007-08. A declaration to this effect by the Whole Time Director forms part of this report. The Code of Conduct framed for compliance by the Directors and Senior Management is available on the Company's website [www.oclindialtd.in](http://www.oclindialtd.in).
- D) **Risk Management:** The Company had identified the major risk areas and laid down frame work for assessment of risks which will be reviewed from time to time.
- E) **Disclosure of particulars of persons constituting "Group" pursuant to Regulation 3(1)(e)(i) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.**

"Shri M.H. Dalmia, Shri M.H. Dalmia (HUF), Smt. Abha Dalmia, Mridu Hari Dalmia Parivar Trust, Shri Gaurav Dalmia, Shri Gaurav Dalmia (HUF), Smt. Sharmila Dalmia, Sharmila Dalmia Parivar Trust, Km. Devanshi Dalmia, Km. Aanyapriya Dalmia, Mst. Aryaman Hari Dalmia, Devanshi Trust, Aanyapriya Trust, Aryaman Hari Trust, Smt. Kanupriya Somany, Kanupriya Trust Two, Kanupriya Parivar Trust, Kanu Sharad Parivar Trust, Kanu Sharad Family Trust, Shri J.H. Dalmia, Shri J.H. Dalmia (HUF), Smt. Kavita Dalmia, Shri Gautam Dalmia, Shri Gautam Dalmia (HUF), Smt. Anupama Dalmia, Kum. Sukeshi Dalmia, Kum. Vaidehi Dalmia, Kum. Sumana Dalmia, Sukeshi Trust, Vaidehi Trust, Sumana Trust, Shri Y.H. Dalmia, Shri Y.H. Dalmia (HUF), Smt. Bela Dalmia, Shri Puneet Dalmia, Smt. Avantika Dalmia, Kum. Shrutipriya Dalmia, Shrutipriya Dalmia Trust, Mst. Priyang Dalmia, Priyang Trust, Kum. Avaneer Dalmia, Avaneer Trust, Shri R.H. Dalmia, Shri R.H. Dalmia (HUF), Smt. Padma Dalmia, Raghu Hari Dalmia Parivar Trust, Smt. Shipriya Dalmia Thirani, Smt. Anuradha Jatia, Anuradha Dalmia Trust, Km. Vrinda Dalmia, Smt. Usha Devi Jhunjunwala.

Konark Investments Ltd., Madhukar Investments Ltd, Europa Commercial & Trades Ltd., Sunflower Mercantiles Ltd., Dalmia Group Udyog Ltd., Swank Services Pvt. Ltd., National Synthetics Ltd., First Capital India Ltd., Landmark Property Development Company Ltd., Kabirdas Investments Ltd., Dalmia Agencies Pvt. Ltd., Satya Miners & Transporters Ltd., Himalayan Natural Products Ltd., OCL Iron & Steel Ltd., Marathwada Refractories Ltd., Hari Machines Ltd.

Dalmia Cement (Bharat) Limited and all its subsidiaries- Kanika Investments Ltd., D.I. Properties Limited, Geetee Estates Limited, Avnija Properties Ltd., Ishita Properties Ltd., Sri Rangam Properties Limited, Hemshila Properties Limited, Himshikar Investment Limited, Dalmia Minerals & Properties Limited, Shree Radha Krishna Broker & Holdings Limited, Sri Kesava Mines & Minerals Limited, Sri Madhava Minerals & Properties Limited, Sri Shanmugha Mines & Minerals Limited, Sri Swaminatha Mines & Minerals Limited, Sri Subramanya Mines & Minerals Limited, Sri Madhusudana Mines & Properties Limited, Eswar Cements Private Limited, Arjuna Brokers & Minerals Ltd., Seeta Estates and Brokers Ltd., Sri Trivikrama Miners & Properties Ltd., Sri Dhandanthapani Miners & Minerals Ltd., Shri Rangam Brokers & Holdings Ltd., Dalmia Cement Ventures Ltd., Dalmia Sugar Ventures Ltd.; Shri Natraj Ceramic & Chemical Industries Ltd. and its subsidiary - Shri Chamundeswari Minerals Ltd.; Mayuka Investment Ltd., Keshav Power Pvt. Ltd., Rama Investment Company Pvt. Ltd., Ankita Pratisthan Ltd., Sita Investment Company Ltd., Shree Nirman Ltd., Himgiri Commercial Ltd., Valley Agro Industries Ltd., Kavita Trading and Investment Co. Pvt. Ltd., Puneet Trading and Investment Co. Pvt. Ltd., Zipahead.Com Ltd."

## VIII . MEANS OF COMMUNICATION

The Company appraises the shareholders through Annual reports, publication of un-audited quarterly results and audited financial results in Business Standard/Financial Express (English) and also in vernacular language newspaper. Presently the Company is giving information about its refractory products through its Web site [www.oclindialtd.in](http://www.oclindialtd.in) and also displays un-audited quarterly, audited results and shareholding pattern in EDIFAR website [www.sebi.gov.in](http://www.sebi.gov.in) or [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in) Shareholders may access the above information by logging on to both the websites.

## IX. MANAGEMENT DISCUSSION AND ANALYSIS

### A. CEMENT

#### INDUSTRY STRUCTURE, DEVELOPMENTS AND OUTLOOK:

India growth story is likely to continue at least for another year. Of course the pace of growth may come down a little from 8.7% being maintained since 2003 to 7.5% for 2008-09. Concerned with the mismatch in demand and supply Govt of India has taken a series of steps including allowing duty free import of Cement and putting ban on export of cement from the country. New capacity to the extent of 22.24 million tonnes has already been commissioned. The impact of the same will be felt in coming year when ban on export and additional capacity production will be available to its full capacity. Also the new capacities to the tune of 45 million tons will be installed in the coming year



across the country. All these coupled with high prices of steel will dampen the speed of construction activities going on in the country. High incidence of Excise duty on cement, imposition of service tax on cement transportation and rising cost of coal have also pushed the cost of cement by 15-20%. Further price increase to pass on the cost increase does not seem feasible.

Eastern region has not shown growth at the pace with the all India cement consumption. It is likely to continue to project a demand growth of around 6% in coming year as well. No new capacity has come in the East so far. Your Company will be first to commission the grinding Unit in its main marketing area Cuttack (Orissa) . Also our clinkering unit Line-2 is likely to be commissioned ahead of others. The advantage of being first will accrue to the Company in terms of capturing the market growth and save on the logistic cost by being nearer to the market.

Your Company has engaged the services of Mckinsey, a renowned world class consultants, to look into the cost reduction areas, i.e., coal consumption, logistics in bound and out bound and packing bags. Management is hopeful of deriving substantial savings in operating costs due to measures undertaken in various areas.

Despite likely slow down in demand and increased availability of cement in the country, your Company is hopeful of maintaining higher profitability due to operational efficiencies and enhancement of sales volume.

**Opportunities:**

In Orissa, your Company is the first to take steps to install a stand-alone grinding unit nearer to the market and source of raw material, i.e., Slag. The plant will be commissioned some time during July 2008. Trial production has already commenced and product despatched to the market.

Your Company is also in the process of setting up a second unit for clinkerisation at Rajgangpur works. This is expected to be operational by 2008-09.

In order to utilize additional clinker available after commissioning of clinkerisation unit Line-2 at Rajgangpur and to tap maximum share out of market growth, your Company propose to add additional grinding units close to market and source of major raw materials like Slag and Fly Ash. This will not only help in increasing the cement volumes but also reduce logistic costs.

After the above expansion, your Company will remain the largest manufacturer of cement in Orissa.

**Risks and concerns:**

By 2009 – 10, additional capacities will start functioning in all the regions of the country. There will also be inorganic growth by way of capacity expansions. Sudden growth in capacity will put pressure adversely on prices and it is apprehended that prices may fall from 2009 onwards.

Growing cement market and good cement prices is also luring major steel manufactures like SAIL – Rourkela Steel Plant and Jindal Steel etc. to enter into Cement business for encashing the booming cement market with an added advantage for them to utilize their industrial wastes like Slag and Fly Ash. This will adversely affect your Company's profitability due to non-availability of slag at cheaper costs apart from entry of new competitors with additional cement volumes.

At present import of cement is duty free. New cement and clinker capacities are being built up. This may have adverse impact on cement prices in the short term. Government's decision to put pressure on cement manufacturers to regulate cement prices is an impending threat. Further, because of the ban on cement export imposed by Government, realisation is likely to come under pressure.

Due to enormous new plants in pipe line, availability of skilled manpower in the industry is becoming scarce. Attrition rate is on an all time high. This may have adverse affect on the efficiency of the operations.

**B. REFRACTORY**

**INDUSTRY STRUCTURE, DEVELOPMENT & OUTLOOK:**

Refractory industry is a feeder industry for the steel sector which accounts for consumption of about 75% of the refractories produced in the country. Prospects of the refractory industry therefore largely depend on the prospects of the steel sector. As per Government vision, the growth in steel demand will have an increasing trend in future years and with this situation the steel production is estimated to be 110 million tonne by 2020. To cater to the growth in steel demand, various steel industries have already started working towards expansion of their production capacities both organically & inorganically.

**Opportunities:**

The last 2 years have witnessed a growth of steel plants. The SAIL plants are already in the process of revamping/rebuilding of coke ovens and the blast furnaces & it has given a good boost to indigenous refractory industry and we have received orders for two coke oven batteries from SAIL. Various other units have also upgraded their steel making processes. Your Company has been successfully supplying high alumina refractories for non-recovery coke oven and one such orders has been successfully completed in time.

Your Company has improved its competitiveness in other industries like Aluminium by continuous R&D efforts. The performances of Company's products in Anode Baking Furnaces are the best in the Indian industry. By virtue of this strength, your Company expects much improved business share in the growing demand of refractories of this segment in national and international arena. The Company is continuously catering to glass and copper industries and expects to increase the business in these areas in future also. In export market your Company continues to grow business in high value products like concast and slide gate refractories. The performance of these products is satisfactory and we are getting repeated orders. These will continue to be focus areas for further exponential growth in the future. In addition to these products, there is growth in copper and glass export business also and the Company has been approved by Designers for supply of refractories for their various projects.

Thus the strong opportunity of business exists in both construction & operation area in steel, glass and aluminum sectors in both domestic and international market.

**Risks and Concerns:**

The imports of refractory products are also on the increase due to the open economy. The Chinese suppliers are already in the way to strengthen their base in marketing their products & services at very lower prices. This is particularly severe in Magnesia Carbon and Silica refractories. This has become a major threat to the Indian refractory industry.

The increasing cost of raw materials particularly Magnesite & Alumina based materials is a cause of concern. Your Company has to depend on imports for these items since there is no indigenous source for these materials.

Your Company has already taken steps through in-house R&D to reduce costs and improve product performance. This will continue to be a focus area in the current year also.

**Awards and recognition:**

In 2007-08 the Quality circle UTPADAN of Cement Division bagged Silver Medal Award in International convention of Quality circle held in BEIJING, CHINA.

The Quality Circle ANVESHAN of Cement Division was awarded Par Excellent Presentation Award in CCQC held at Rourkela and achieved Excellent Award in National convention of Quality Circle held in Kolkata for their case study presentation during the year 2007-08.

In 2007-08 one of the Company's Quality Circles 'KAMYAB' bagged award of Golden Trophy and Gold medal in International Chapter Quality Circle (ICQC) held at Indonesia.

Quality circle "Nirjharani" was recognized as par excellence and other two QC teams UTPADAN and TALASH were recognized as EXCELLENT in National Chapter Quality Circle(NCQC) at Kanpur. Engineering personnel won 3 prizes in National Supervisory competition organized by IIPM, Khansbahal.

**HUMAN RESOURCE:**

Industrial relation continued to be cordial during the year under review. Adequate number of people (both new and experienced) have been recruited during the year to meet the growing demand after expansion and likely increase in attrition rate.

**INTERNAL CONTROL SYSTEMS**

The Company has an Internal Management audit team commensurate with the size of the Company. It carries out desired level of audit of various spheres of activities of the Company to ensure that the laid down system and procedures are adequate and being followed. The audit reports are presented to the Audit committee of the Board, which meets at periodical intervals.



## X. SHAREHOLDERS INFORMATION

### A) General information

Registered Office	:	Rajgangpur - 770 017, (Orissa)
Corporate Office	:	B-47, Connuaght Place, New Delhi- 110001
Details of Plant location	:	CEMENT and REFRACTORY At: Rajgangpur- 770 017, Dist.: Sundargarh (Orissa)
Financial year	:	1 <sup>st</sup> April to 31 <sup>st</sup> March
Last Annual General Meeting	:	
Date and time	:	17 <sup>th</sup> September 2007 at 11.30 AM
Venue	:	Rest House of the Company at Rajgangpur-770017 Dist. Sundargarh (Orissa State)
Last Book Closure	:	11 <sup>th</sup> September 2007 to 17 <sup>th</sup> September 2007 (both days inclusive).
Last Dividend payment for the financial year 2006-07	:	100% Interim dividend was paid by warrants dated 28.03.2007 to those who were members as on 24.03.2007 being the record date.

### B) Appointment/Reappointment of Directors

The appointment/re-appointment of Directors is communicated to shareholders through the Notice of the Annual General Meeting. In the case of new appointments information about the new Director is given through explanatory statement annexed to the Notice.

### C) Financial Results

The Company's quarterly un-audited results and half yearly un-audited results are subjected to limited review by Auditors and Annual results are subjected to Audit by the Statutory Auditors. Quarterly un-audited and annual audited results are published in newspapers and are also provided to Stock Exchanges. The Company displays the financial results and shareholding pattern on the Company's Web site [www.oclindia ltd.in](http://www.oclindia ltd.in). The Company also displays the Quarterly results and shareholding pattern in EDIFAR website [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in) as required under Clause No.51 of the listing agreement.

### D) Share Transfer system and Registrars & share Transfer Agents

Pursuant to directions of SEBI the facility to hold the Company's shares in electronic form is made available to the shareholders as the Company has joined both Depositories namely NSDL and CDSL. Share Transfer Documents for physical transfer and requests for dematerialization of shares are sent to the Company's Registrars M/s C B Management Services (P) Limited at P-22 Bondel Road, Calcutta- 700 019.

### E) Listing on Stock Exchanges

The Company's equity shares continue to be listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The Company's application for voluntary de-listing of its securities is still pending with Bhubaneswar Stock Exchange. The Company paid the listing fee for the year 2007-08 to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited within the stipulated time. No listing fees has been paid for the year 2005-06 onwards to Bhubaneswar Stock Exchange in view of the completion of formalities for voluntary de-listing of securities from the Company's side. The shares of the Company are actively traded on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Name of the Stock Exchange	Code for Equity shares
The Bombay Stock Exchange Limited	502165
The National Stock Exchange of India Limited	5936094



F) Share prices as per quotations of Bombay Stock Exchange Limited & National Stock Exchange of India Limited

Month	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)
April 2007	151.50	126.00	154.90	136.00
May 2007	175.00	140.20	167.95	139.70
June 2007	156.00	135.10	157.80	135.00
July 2007	159.75	138.00	158.85	138.10
August 2007	152.00	134.90	155.15	135.00
September 2007	165.00	142.60	164.40	141.25
October 2007	309.85	157.00	309.25	157.00
November 2007	316.25	226.00	301.90	225.00
December 2007	349.35	286.00	349.80	292.15
January 2008	<b>384.00</b>	187.85	<b>385.00</b>	185.20
February 2008	331.80	181.00	324.75	185.00
March 2008	209.60	<b>114.35</b>	209.55	<b>121.40</b>

G) Share holding pattern as on 31<sup>st</sup> March, 2008

All Category	Physical	NSDL	CDSL	Total
Resident Individual	1967418	23161758	862310	25991486
Financial Institution	23500	35275	0	58775
Foreign Institutional Investor	300	315172	0	315472
Foreign National	18080	0	0	18080
Non Resident Indian	24235	139339	28990	192564
Bodies Corporate	13736294	7088881	127117	20952292
Clearing Member	0	19416	35318	54734
Mutual Fund / UTI	1000	5000	0	6000
Trust	3065515	6173602	0	9239117
Banks	32245	35755	3700	71700
<b>Total</b>	<b>1,88,68,587</b>	<b>3,69,74,198</b>	<b>10,57,435</b>	<b>5,69,00,220</b>

H) Distribution of Shareholding as on 31<sup>st</sup> March 2008

Range of Shares	No. of Share Holders	No. of Shares
1-100	7170	335336
101-250	2158	387365
251-500	1711	688237
501-1000	1283	977628
1001-2000	805	1163930
2001-3000	260	651278
3001-4000	131	460618
4001-5000	82	373353
5001-1000	141	975517
10001 & above	137	50886958
<b>Total</b>	<b>13,878</b>	<b>5,69,00,220</b>



## COMPLIANCE CERTIFICATE FROM AUDITORS

The Company has obtained a certificate from the Statutory Auditors certifying compliance of the mandatory recommendations mentioned in Clause No. 49 of the listing agreement.

### AUDITORS' REPORT ON CORPORATE GOVERNANCE TO THE MEMBERS OF OCL INDIA LIMITED

1. We have examined the Compliance of conditions of Corporate Governance by OCL India Limited for the year ended March 31, 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.
2. The Compliance of condition of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement.
3. We state that in respect of investor grievances received during the year ended March 31, 2008 no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **V. Sankar Aiyar & Co.**  
Chartered Accountants  
**(Ajay Gupta)**  
Partner

Place: New Delhi  
Date: 15.05.2008

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### Declaration by Mr. V. P. Sood, Whole Time Director & CEO

TO  
THE MEMBERS OF OCL INDIA LIMITED

Based on the affirmation provided by the Directors and persons in Senior Management of the Company, it is declared that all the Board members and Senior Management personnel are complying with the Code of Conduct framed by the Company for the Directors and Senior Management.

For OCL India Limited  
**V. P. Sood**  
CEO

Dated: 15.05.2008



## AUDITORS' REPORT

TO  
THE SHAREHOLDERS OF  
OCL INDIA LIMITED.

1. We have audited the attached Balance Sheet of OCL INDIA LIMITED as at 31<sup>st</sup> March, 2008 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.
3. We report that
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of these books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of Account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956 to the extent applicable
  - (e) On the basis of information obtained, none of the directors are prima facie, disqualified under section 274(1)(g) of the Companies Act, 1956 as on 31.03.2008 from being appointed as a director of the Company.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2008;
    - ii. in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
    - iii. in the case of cash flow statement, of the cash flows for the year ended on that date.
4. As required by the Companies (Auditors Report) Order, 2003 (as amended) issued by the Department of Company Affairs, Govt. of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report on the matters specified in the paragraphs 4 and 5 of the said Order as under:
  - i
    - a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
    - b) As explained to us, the management had carried out physical verification of most of the fixed assets during the year. In our opinion, the frequency of verification is reasonable in relation to the size of the Company. According to the information and explanations given to us, no material discrepancies were noticed on such verification..
    - c) Since there is no substantial disposal of fixed assets during the year, the preparation of financial statements on a going concern basis is not affected on this account..
  - ii
    - a) The stock of finished goods, stores, spare parts and raw materials, except those held by consignees and stored in customer premises, have been physically verified by the management at reasonable intervals. In respect of stock with consignees, confirmation certificates have been received.
    - b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
    - c) In our opinion, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.



- iii a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties required to be covered in the register maintained under section 301 of the Companies Act, 1956.
- b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties required to be covered in the register maintained under section 301 of the Companies Act, 1956.
- iv In our opinion and according to the information and explanations given to us and having regard to the explanations in respect of the manner in which the purchase price of some of the items are determined or where alternate quotations are not available, there are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. To the best of our knowledge, no major weaknesses in internal control system were either reported or noticed by us during the course of our audit.
- v a) According to the information given to us, the particulars of contracts or arrangements that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956 have been so entered.
- b) There were no transactions exceeding Rs. five lakhs in respect of any party made in pursuance of such contracts or arrangements during the year, except for professional services for which the question of prevailing market prices does not arise.
- vi In our opinion and according to information and explanations given to us, the Company has complied with the provisions of sections 58A and 58AA or any other relevant provisions of the Act and the rules made there under, where applicable, with regard to deposits accepted from the public.
- vii The Company has an internal audit system, which in our opinion, is commensurate with its size and nature of its business;
- viii We have broadly reviewed the books of accounts maintained by the Company, pursuant to the rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.
- ix a) According to the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. There were no arrears of undisputed statutory dues as at 31<sup>st</sup> March, 2008, which were outstanding for a period of more than six months from the date they became payable.
- b) The disputed dues of different years, which have remained unpaid as on 31<sup>st</sup> March, 2008, for which appeals are pending as under:

Nature of dues	Year	Amount (Rs. In lakhs)	Forum where pending
Orissa Sales Tax	1995-96, 1997-98 to 2000-01 and 2002-03	162.63	Orissa Sales Tax Tribunal
Orissa Sales Tax	2005-06	368.40	Commissioner of Sales Tax
Central Sales Tax	1995-96, 2002-03 & 2004-05	133.52	Orissa Sales Tax Tribunal
Orissa VAT	2005-06	15.86	Commissioner of Sales Tax
West Bengal Sales Tax	1996-97, 1999-00 & 2001-02 2000-01	47.83 6.87	West Bengal Commercial Taxes Appellate & Revisional Board Addl. Commissioner of Commercial Taxes, West Bengal
Income Tax	Asst. Year 2003-04	19.24	Commissioner of Income Tax (Appeals)

- x The Company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.



- xi On the basis of the verification of records and information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks or debenture holders.
- xii The Company has not granted 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 the Companies (Auditors Report) Order are not applicable.
- xiv The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditors Report) Order are not applicable.
- xv The Company has given a guarantee of USD 19.80 lakhs for loans taken by OCL Global Limited (in which the Company holds 50% of the paid-up Capital) from a bank and a guarantee of Rs. 35.00 crores to LIC of India for debentures issued by OCL Iron and Steel Limited, the terms and conditions whereof are not, prima facie, prejudicial to the interest of the Company.
- xvi According to the records of the Company, term loans taken during the year have been applied for the purpose for which they were obtained.
- xvii According to the information and explanations given to us, the Cash Flow statement examined by us and on an overall examination of the balance sheet of the company, we report that funds raised on short-term basis have not been used for long term investment.
- xviii During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- xix In respect of debentures issued during the year, the security / charge has been created
- xx Since there were no public issue of securities during the year, verification of the end use of money does not arise.
- xxi Based on the audit procedure performed and the representation obtained from the management, we report that no case of fraud on or by the Company has been noticed or reported during the year under audit.

Place : New Delhi  
Dated: 15.05.2008

For **V. Sankar Aiyar & Co.**  
Chartered Accountants  
**Ajay Gupta**  
Partner  
Membership No.: 90104



**BALANCE SHEET AS AT 31ST MARCH, 2008**

	Schedule No.	2007-08 Rs.Lakhs	2006-07 Rs.Lakhs
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a) Capital	1	1,138.50	891.45
b) Reserves and Surplus	2	<u>54,171.56</u>	<u>35,902.72</u>
			55,310.06
<b>2. Loan Funds</b>			
a) Secured	3	49,227.10	36,270.19
b) Unsecured	4	<u>697.21</u>	<u>6,188.44</u>
			49,924.31
<b>3. Deferred Tax</b>			
Total	5	<u>5,882.83</u>	<u>7,699.92</u>
			<u>1,11,117.20</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
a) Gross Block	6	63,256.58	74,617.75
b) Less : Depreciation		<u>30,663.32</u>	<u>30,071.06</u>
c) Net Block			32,593.26
d) Capital Work-in-progress (at cost) - (See Note - 33)			<u>60,478.87</u>
			93,072.13
<b>2. Investments (At Cost)</b>			
	7		182.12
<b>3. Current Assets, Loans and Advances</b>			
a) Inventories	8	13,957.48	14,215.15
b) Sundry Debtors		9,361.41	8,309.64
c) Cash and Bank Balances		9,664.59	9,083.49
d) Other Current Assets		146.22	222.98
e) Loans and Advances		<u>8,614.19</u>	<u>8,279.80</u>
		41,743.89	40,111.06
Less : Current Liabilities and Provisions	9		
a) Liabilities		20,784.03	12,000.31
b) Provisions		<u>3,096.91</u>	<u>141.61</u>
		23,880.94	12,141.92
Net Current Assets			17,862.95
Total			<u>1,11,117.20</u>
Significant Accounting Policies	16		
Notes forming part of the Balance Sheet	17		

Place : New Delhi  
Date : 15.05.2008

Annexure to our Report of Date  
for V Sankar Aiyar & Co.  
Chartered Accountants  
Ajay Gupta  
Partner  
Membership No. 90104

Rachna Gorla  
Company Secretary  
D.N. Singh  
Executive Director (Finance)  
& Chief Financial Officer

for OCL INDIA LIMITED,  
On behalf of the Board  
Pradeep Kumar Khaitan  
D.N. Davar  
Puneet Dalmia  
S.R Jain  
V.D. Jhunjhunwala  
Directors



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

	Schedule No.	2007-08 Rs.Lakhs	2006-07 Rs.Lakhs
<b>INCOME</b>			
Sales and Self Consumption	10	<b>89,282.08</b>	92,941.88
Less : Excise Duty		<b>12,713.38</b>	12,036.99
			80,904.89
Increase / (-)Decrease in Stocks	11	<b>1,037.02</b>	947.49
Other Receipts	12	<b>2,264.63</b>	1,545.10
		<b>79,870.35</b>	<b>83,397.48</b>
<b>EXPENDITURE</b>			
Raw Materials Consumed		<b>19,068.98</b>	27,773.54
Purchases (see note 23)		<b>258.19</b>	863.87
Salaries, Wages and Benefits to Employees	13	<b>3,704.02</b>	3,093.97
Power and Fuel		<b>11,078.77</b>	12,063.05
Other Expenses	14	<b>23,543.88</b>	22,043.77
Interest (Net)	15	<b>1,884.28</b>	2,506.43
Depreciation		<b>2,649.20</b>	3,316.08
Less : Transfer from General Reserve		<b>18.54</b>	20.55
		<b>2,630.66</b>	3,295.53
		<b>62,168.78</b>	<b>71,640.16</b>
<b>PROFIT BEFORE TAXATION</b>			
Provision for Taxation - Current		<b>6,100.00</b>	2,500.00
- Deferred		<b>-77.98</b>	1,460.39
- Fringe Benefit Tax		<b>65.00</b>	45.00
<b>PROFIT AFTER TAXATION</b>			
Balance brought forward from Previous Year		<b>4,484.64</b>	4,154.87
Adjustment arising on demerger-			
- Deferred Tax		<b>1,360.94</b>	-
- Current Taxes		<b>-200.00</b>	-
- Fringe Benefit Tax		<b>2.00</b>	-
- Expenses over Income (net) for the period 01.01.2007 to 31.03.2007 (See Note - 31)		<b>-206.66</b>	-
		<b>5,440.92</b>	
		<b>17,055.47</b>	<b>11,906.80</b>
Transfer to General Reserve		<b>10,000.00</b>	6,000.00
Transfer to Debenture Redemption Reserve		<b>152.00</b>	406.25
Transfer to Reserve for Bad and Doubtful Debts		<b>410.00</b>	-
Interim Dividend		-	890.95
Tax on Interim Dividend		-	124.96
Proposed Dividend		<b>1,422.51</b>	-
Tax on Dividend		<b>241.76</b>	-
Surplus carried to Balance Sheet		<b>4,829.20</b>	4,484.64
		<b>17,055.47</b>	<b>11,906.80</b>
EPS (Rs.) : Basic & Diluted		<b>21.58</b>	18.46
Significant Accounting Policies	16		
Notes forming part of the Profit and Loss Account	17		

Annexure to our Report of Date  
for V Sankar Aiyar & Co.  
Chartered Accountants  
Ajay Gupta  
Partner  
Membership No. 90104

Rachna Gorla  
Company Secretary  
  
D.N. Singh  
Executive Director (Finance)  
& Chief Financial Officer

for OCL INDIA LIMITED,  
On behalf of the Board  
Pradeep Kumar Khaitan  
D.N. Davar  
Puneet Dalmia  
S.R Jain  
V.D. Jhunjhunwala  
Directors

Place : New Delhi  
Date : 15.05.2008



## SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

	2007-08	2006-07
	Rs.Lakhs	Rs.Lakhs
<b>1. SHARE CAPITAL</b>		
<b>Authorised</b>		
1,00,000 Shares of Rs.100 each	100.00	100.00
7,00,00,000 Shares of Rs.2 each	1,400.00	1,400.00
	<u>1,500.00</u>	<u>1,500.00</u>
<b>Issued</b>		
6,36,31,805 (Previous Year 5,12,79,305) Ordinary Shares of Rs.2 each	1,272.64	1,025.59
<b>Subscribed</b>		
5,69,00,220 (Previous Year 4,45,47,720) Ordinary Shares of Rs.2 each, fully paid up	1,138.00	890.95
Of the above,		
(i) 1,57,50,000 Ordinary Shares were allotted as bonus shares by capitalisation from General Reserve	-	-
(ii) 1,23,52,500 Ordinary Shares of Rs.2/- each were allotted during the year under a scheme of arrangement, on merger of Dalmia Cement (Meghalaya) Ltd with the Company (See Note - 31)	-	-
Add : Shares Forfeited Account	0.50	0.50
	<u>1,138.50</u>	<u>891.45</u>

## 2. RESERVES AND SURPLUS

	Rs. Lakhs					As at 31.03.2008
	As at 31.03.2007	Additions On merger	Additions Others	Deductions due to Demerger	Deductions Others	
	(See Note - 31)			(See Note - 31)		
Capital Reserve	59.68	157.06	-	59.68	-	157.06
Share Premium Account	9,842.45	19,600.00	-	9,842.45	-	19,600.00
Revaluation Reserve	379.03	-	5.14	384.17	-	-
Debenture Redemption Reserve	906.25	-	152.00	-	-	1058.25
General Reserve	20,000.00	-	10,000.00	1,445.93	28.20	28,525.87
Capital Redemption Reserve	124.70	-	-	124.70	-	-
Reserve for Bad and Doubtful Debts	290.00	-	410.00	-	-	700.00
Less : Set off against doubtful debts as per contra	184.03	-	-	-	-	698.82
	105.97					1.18
Profit and Loss Account	4,484.64					4,829.20
	<u>35,902.72</u>					<u>54,171.56</u>



**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)**

	<b>2007-08</b>	2006-07
	<b>Rs.Lakhs</b>	Rs.Lakhs
<b>3. SECURED LOANS</b>		
1) Loans from Banks		
a) Term Loans	<b>29,358.87</b>	16,466.02
b) Working Capital Facilities	<b>10,268.23</b>	11,804.17
2) Secured Redeemable Non-Convertible Debentures		
7.75% (Redeemable during 2007-08 to 2009-10)	<b>2,000.00</b>	3,000.00
9.40% (Redeemable during 2014-15 to 2016-17)	<b>1,100.00</b>	1,500.00
9.20% (Redeemable during 2014-15 to 2016-17)	-	3,500.00
10.50% (Redeemable during 2012-13)	<b>500.00</b>	-
10.80% (Redeemable during 2014-15 to 2016-17)	<b>6,000.00</b>	-
	<b>9,600.00</b>	8,000.00
	<b>49,227.10</b>	<b>36,270.19</b>

Notes

- 1) Term loans from Banks are secured by way of equitable mortgage of immovable properties of Cement and Refractory divisions of the Company situated at Rajgangpur and hypothecation of all the movable assets of these units save and except the prior charge in favour of Banks over inventories and book debts to secure working capital limits. In certain cases, Banks have exclusive charge on the movable fixed assets acquired out of their loans.
- 2) Working capital facilities are secured by hypothecation of raw material, semi-finished goods, stock-in-process, consumable stores and book debts of the Company. These facilities are further secured by second charge over the fixed assets of the Cement Unit of the Company.
- 3) The debentures are secured by equitable mortgage of immovable properties of Cement and Refractory division of the Company and hypothecation of movable assets of these divisions, save and except the prior charge in favour of Banks over inventories and book debts to secure working capital limits.

	<b>2007-08</b>	2006-07
	<b>Rs.Lakhs</b>	Rs.Lakhs
<b>4. UNSECURED LOANS</b>		
Fixed Deposits	<b>697.21</b>	906.28
Short Term Loan from Bank	-	1,002.44
Loan from Other Companies	-	1,645.00
Commercial Paper (Short term loan)	-	2,000.00
Sales Tax Deferment Loan - Interest Free	-	634.72
	<b>697.21</b>	<b>6,188.44</b>
<b>5. DEFERRED TAX</b>		
Liabilities :		
Depreciation	<b>6,166.87</b>	7,906.42
Assets :		
Difference of value of Stock u/s 145A of the Income Tax Act, 1961	<b>168.16</b>	145.05
Expenses allowable in computing taxable income on payment basis	<b>115.21</b>	60.34
Voluntary Retirement Expenses	<b>0.67</b>	1.11
	<b>284.04</b>	206.50
Net Liability	<b>5,882.83</b>	<b>7,699.92</b>

6. FIXED ASSETS  
SCHEDULE OF FIXED ASSETS FOR THE YEAR 2007-08

Rs Lakhs

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 31.03.2007	Deduction On Demerger	Additions	Deductions	Upto 31.03.2007	For the Year	Reductions		Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
							Others	On Demerger			
Free Hold Land	621.88	134.96	8.51	-	-	0.38	-	-	-	495.43	621.88
Lease Hold Land	10.89	0.30	-	-	2.96	-	-	0.06	3.28	7.31	7.93
Building (on Freehold and Leasehold land)	4,190.08	913.91	11.01	19.00	2,177.21	101.26	13.21	66.15	2,199.11	1,069.07	2,012.87
Plant & Machinery	68,777.75	11,638.11	1,398.64	77.44	27,155.59	2,583.56	72.79	1,961.47	27,704.89	30,755.95	41,622.16
Railway Lines	324.05	-	-	-	287.92	5.03	-	-	292.95	31.10	36.13
Furniture and Fixtures	184.42	36.79	31.64	2.51	120.31	23.00	2.08	5.71	135.52	41.24	64.11
Vehicles	502.38	63.64	100.09	24.29	327.07	53.34	13.09	39.75	327.57	186.97	175.31
Livestock	6.30	-	3.15	3.26	-	-	-	-	-	6.19	6.30
<b>Grand Total</b>	<b>74,617.75</b>	<b>12,787.71</b>	<b>1,553.04</b>	<b>126.50</b>	<b>30,071.06</b>	<b>2,766.57</b>	<b>101.17</b>	<b>2,073.14</b>	<b>30,663.32</b>	<b>32,593.26</b>	<b>44,546.69</b>
<b>Previous Year</b>	<b>62,531.52</b>	<b>-</b>	<b>12,151.20</b>	<b>64.97</b>	<b>26,663.84</b>	<b>3,431.30</b>	<b>24.09</b>	<b>-</b>	<b>30,071.06</b>	<b>44,546.69</b>	<b>35,867.68</b>
<b>Capital Work in Progress</b>										<b>60,478.87</b>	<b>14,398.78</b>

Notes :

- 1 Gross Block includes amount added in 1985 on revaluation of Land Rs. 132.31, Buildings Rs. 1200.64 and Plant and Machinery Rs. 1922.48 as carried out by an external independent valuer.
- 2 Addition to Capital Work-in-progress includes adjustment of Rs. 26.44 on account of loss on exchange fluctuation to the extent of, difference of interest cost relating to acquisition of fixed assets (Previous Year net gain Rs. 24.10)
- 3 Additions to Fixed Assets and Capital work-in-progress include net borrowing cost of Rs.1700.02 capitalised during the year (Previous Year Rs.144.03).
- 4 Capital Work-in-progress include Rs.7794.56 on account of advance against Capital Expenditure (unsecured - considered good) (Previous Year Rs.4788.05)
- 5 Plant and Machinery includes Wagons given on lease to Railways (Cost Rs.574.08, WDV Rs. 293.03)





**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)**

	Face Value		2007-08	2006-07
	per Share/ Bond/Unit			
	Rs.	Nos.	Rs.Lakhs	Rs.Lakhs
<b>7. INVESTMENTS - LONG TERM (at cost)</b>				
<b>Trade Investments</b>				
Fully paidup Ordinary Shares				
First Capital India Limited	6	166	0.01	0.01
India Information Technology Limited (Rs. 10)	10	1	-	0.00
Kashmissa Industries Limited (See Note - 30)				
Landmark Property Development Company Limited (Formerly Konark Minerals Limited)	1	5,00,000	4.99	4.99
OCL Iron and Steel Limited	1	5,00,000	5.00	5.00
OCL Global Ltd \$ (Face Value in USD)	1	50,000	22.40	22.40
Fully paidup Preference Shares				
Kashmissa Industries Limited (See Note - 30)				
OCL Global Ltd \$ (Face Value in USD) - Purchased during the year	1	3,65,000	143.54	-
Hari Fertilizers Limited	10	90	0.01	0.01
\$ Associate Concern			175.95	32.41
<b>Other Investments</b>				
Fully paidup Ordinary Shares				
Birla Corp. Limited	10	200	0.02	0.02
Bhushan Steel & Strips Limited	10	100	0.02	0.02
Chettinad Cement Corporation Limited	10	500	0.11	0.11
Crescent Finstock Limited	10	1,400	-	-
DCW Limited	2	28,000	1.52	1.52
Digvijay Finlease Limited	10	25	-	-
Gujarat Composite Limite	10	16	-	-
I T C Limited	1	64,500	0.07	0.07
Chambal Fertilizers and Chemicals Ltd.	10	2,200	0.34	0.34
IFGL Refractories Limited (Rs. 246/-)	10	70	-	-
Indo Flogates Limited (Rs. 472.50)	10	100	-	-
Ispat Profiles India Limited (Rs. 75.50/-)	10	50	-	-
Jai Prakash Associates Ltd	10	4,200	0.76	0.76
JSW Steel Limited (Rs. 357/-)	10	4	-	-
Kanoria Industries Limited	10	100	0.01	0.01
Kanoria Sugar & General Mfg.Co. Limited (Rs. 183/-)	10	25	-	-
Madras Cements Limited (Rs. 393/-)	10	160	-	-
Mysore Cements Limited	10	200	0.04	0.04
Magnesite & Minerals Limited	10	100	0.01	0.01
Mangalam Cement Limited	10	3,000	0.48	0.48
Orind Exports Limited (Rs. 201/-)	10	100	-	-
Orissa Industries Limited	10	73,450	1.40	1.40
Panyam Cements and Mineral Industries Ltd (Rs. 377/-)	100	4	-	-
Saurashtra Cement Limited	10	200	0.01	0.01
Shree Digvijay Cement Company Limited	10	50	0.01	0.01
Sunflag Iron & Steel Co Limited (Rs. 301.50)	10	100	-	-
The Andhra Cements Limited (Rs. 46.20)	10	5	-	-
ACC Limited	10	312	0.05	0.05
The India Cements Limited	10	300	0.04	0.04
The Indian Hume Pipe Company Limited	10	2,500	0.06	0.06
The K C P Limited	10	915	0.01	0.01
The K C P Sugar & Industries Corporation Limited	10	915	0.01	0.01
The Scindia Steam Navigation Company Limited	20	504	0.06	0.06
Tata Steel Limited (59 shares purchased during the year)	10	338	0.25	0.07
The Travancore Cements Limited	10	100	0.01	0.01
Usha Ispat Limited	10	100	0.01	0.01
Vesuvius India Limited	10	100	0.11	0.11



**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)**

	Face Value	2007-08		2006-07
	per Share/ Bond/Unit	Nos.	Rs.Lakhs	Rs.Lakhs
<b>7. INVESTMENTS - LONG TERM (at cost) - Contd....</b>				
Fully paidup Preference Shares				
CCPS of Tata Steel Limited (Purchased during the year)	<b>100</b>	<b>291</b>	<b>0.29</b>	-
Fully paidup Debentures - Non-convertible Secured				
8% - Indian Chamber of Commerce	<b>100</b>	<b>12</b>	<b>0.01</b>	0.01
8% - Indian Chamber of Commerce - Fractional (Rs. 50/-)	<b>25</b>	<b>2</b>	-	-
Fully paidup Shares of Co-operative Society	<b>100</b>	<b>50</b>	<b>0.05</b>	0.05
Property Rights in Holiday Resort			<b>0.41</b>	0.41
			<b>6.17</b>	5.70
			<b>182.12</b>	38.11
Quoted Investments			<b>3.95</b>	3.78
Unquoted Investments			178.17	34.33
			<b>182.12</b>	38.11
Market value of quoted investments			<b>224.86</b>	149.02

Note: Cost below Rs. 500/- are given in brackets)

**Details of Investment in Mutual Funds purchased & sold during the year**

Name of Mutual Fund	No of Units	Purchase Amount	Sale Amount
Principal Cash Management Fund Liquid Option Instl. Pre Plan Growth	1,510.32	18,000.00	18,017.52
ING Vysya Liquid Plus Fund Institutional Plan	98.00	1000.00	1,036.07
Sundaram BNP Paribas Liquid Plus Super Inst. Plan	98.20	1000.00	1,018.74
Principal Floating Rate Fund FMP Instl. Option Growth Plan (Switch Over)	1,501.61	18,017.52	18,636.60
Reliance Liquid Plus Fund - Institutional Plus - Growth	1.43	1,500.00	1,523.77
HSBC Liquid Plus Fund - Institutional Plus - Growth	92.47	1,000.00	1,015.73

**8. CURRENT ASSETS, LOANS AND ADVANCES**

**a) Inventories**

Stores, Spares Parts and Packing Materials	<b>4,851.57</b>	4,838.88
Loose Tools	<b>24.16</b>	10.67
Raw Materials	<b>4,580.75</b>	4,391.18
Others	-	48.25
Stock-in-Trade		
Finished	<b>3,122.59</b>	3,627.57
Partly Finished	<b>1,378.41</b>	1,298.60
	<b>13,957.48</b>	14,215.15

**b) Sundry Debtors**

Debts outstanding for a period exceeding six months		
Considered Good		
Secured	<b>28.39</b>	12.86
Unsecured	<b>816.57</b>	1,081.85
Considered Doubtful	<b>661.05</b>	181.86
Other Debts		
Considered Good		
Secured	<b>1,565.23</b>	745.53
Unsecured	<b>6,951.22</b>	6,469.40
Considered Doubtful	-	0.24
	<b>10,022.46</b>	8,491.74
Less : Set off from Reserve for Bad and Doubtful Debts	<b>661.05</b>	182.10
	<b>9,361.41</b>	8,309.64



SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)

	2007-08	2006-07
	Rs.Lakhs	Rs.Lakhs
<b>8. CURRENT ASSETS, LOANS AND ADVANCES (contd..)</b>		
<b>c) Cash and Bank Balances</b>		
Cash and Stamps on Hand	19.58	15.48
Cheques on Hand	1,213.83	1,421.57
Balance with Scheduled Banks		
- Current Accounts	2,146.78	1,460.98
- Fixed Deposits #	6,284.31	6,185.32
Post Office Savings Bank Account #	0.09	0.14
	<u>9,664.59</u>	<u>9,083.49</u>
# Deposited with the Government Departments, Banks and others as Security against contracts and other facilities.	0.73	0.46
<b>d) Other Current Assets</b>		
Interest accrued (considered good)		
On Investments	0.07	0.07
Others	146.15	222.91
	<u>146.22</u>	<u>222.98</u>
<b>e) Loans and Advances</b>		
<b>Loans (Considered Good)</b>		
Secured		
Employees ##	2.21	4.03
Unsecured		
Employees ##	17.16	8.37
Others	-	-
Considered Doubtful		
Employees	0.38	0.11
<b>Advances recoverable in Cash or in Kind or for value to be received (Unsecured)</b>		
Considered Good		
Subsidiary Company	-	0.88
Others	1,839.34	4,649.45
Considered Doubtful	37.15	1.13
<b>Claims (Unsecured)</b>		
Considered Good	33.59	26.80
Considered Doubtful	0.24	0.24
<b>Tax Payment (Net of Provision)</b>	-	379.68
<b>Deposits with Railways, Excise and Others</b>		
Unsecured - Considered Good		
Subsidiary Companies	-	3.18
Others	6,721.89	3,207.41
Unsecured - Considered Doubtful	-	0.45
	<u>8,651.96</u>	<u>8,281.73</u>
Less : Set off from Reserve for Bad and Doubtful Debts	37.77	1.93
	<u>8,614.19</u>	<u>8,279.80</u>
## Due from Officers of the Company.	7.68	3.21
## Maximum amount due from Officers of the Company at any time during the year.	8.29	4.52





**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)**

	2007-08	2006-07
	Rs.Lakhs	Rs.Lakhs
<b>12. OTHER RECEIPTS</b>		
Dividends - Other than trade investments	2.93	2.33
Profit on Sale of Assets	6.49	579.94
Profit on Sale of Investments - Short Term	730.91	-
Provisions no longer required	240.21	20.85
Lease Rental	70.73	86.10
Profit on sale of property rights	234.90	-
Miscellaneous Receipts #	978.46	855.88
	<u>2,264.63</u>	<u>1,545.10</u>
# Tax Deducted at Source	0.32	1.19
<b>13. SALARIES, WAGES AND BENEFITS</b>		
Salaries, Wages, Bonus and Gratuity	3,032.62	2,321.69
Contribution to Provident and Other Funds	472.06	557.18
Workmen and Staff Welfare Expenses	199.34	215.10
	<u>3,704.02</u>	<u>3,093.97</u>
<b>14. OTHER EXPENSES</b>		
Consumption of Stores, Spare parts and Packing materials	4,341.47	4,370.69
Repairs and Maintenance		
Machinery	2,417.48	2,756.87
Buildings	245.23	245.44
Others	84.01	87.61
Payments to Contractors for Services	1,975.25	2,056.33
Royalty and Cess	11.46	16.83
Rent	304.04	264.76
Rates and Taxes	108.45	165.22
Excise Duty on Stock and Others	127.64	79.19
Freight, Transportation and Handling	9,053.19	8,211.26
Commission to Selling Agents	377.11	480.35
Rebates, Discounts and Allowances	254.74	214.12
Insurance	156.41	211.25
Travelling	293.25	261.16
Advertisement and Publicity	426.31	216.42
Legal	41.63	39.36
Directors' Travelling and Conveyance	7.23	8.83
Directors' Fees	7.90	2.68
Directors' Commission	26.00	27.00
Contribution to Scientific Research Institute	200.00	-
Charity and Donations	69.18	28.83
Assets Written off and Loss on Sale of Assets	4.32	4.58
Diminution in value of Investments	-	25.00
Bad Debts Written Off	0.73	1.32
Miscellaneous Expenses	3,010.85	2,268.67
	<u>23,543.88</u>	<u>22,043.77</u>
<b>15. INTEREST</b>		
On Term Loans, Debentures and Deposits	1,369.62	1,953.09
To Banks and Others	956.92	1,350.21
Less : Interest Received #	-	-
On Deposits, Tax refunds and from Customers etc.	442.26	796.87
# Tax Deducted at Source	1,884.28	2,506.43
	<u>91.71</u>	<u>145.22</u>



## SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)

### 16. SIGNIFICANT ACCOUNTING POLICIES

1. **Accounting Convention**  
The financial statements are prepared under historical cost convention (except for certain fixed assets which are revalued), on a going concern basis and in accordance with applicable accounting standards.
2. **Use Of Estimates**  
The preparation of financial statements requires management to make certain estimates and assumptions that affect the amount reported in the financial statements and notes thereto. Differences between actual results and estimates are recognised in the period in which they materialise
3. **Fixed Assets**  
Land, Buildings, Plant and Machinery relating to Cement and Refractory Works acquired/installed upto 31.12.81 were revalued as at 31.12.85. All other fixed assets are shown at cost (net of cenvat). Borrowing costs attributable to the acquisition of qualifying assets and all significant costs incidental to the acquisition of assets are capitalised.
4. **Depreciation**  
Depreciation on Plant and Machinery added in Cement & Refractory after 31.12.81 is provided on straight line method and depreciation on all other assets is provided on reducing balance method . Depreciation has been calculated in the manner & rates as specified in Schedule XIV to the Companies Act, 1956. Depreciation on amount added on revaluation of assets is transferred from general reserve.
5. **Investments**  
Investments are valued at cost. Provision for diminution in value is made, if in the opinion of the management, such a decline is considered permanent .
6. **Inventories**  
Stocks of finished and partly finished products are valued at lower of cost or net realisable value and for this purpose, cost is determined on absorption costing method. Cost of finished goods includes excise duty. Raw Materials, other inputs, stores and spares are valued at lower of cost (net of cenvat) or net realisable value. Cost is determined on FIFO / Weighted Average Basis.
7. **Revenue Recognition and Accounting for Sales**  
Revenue from sale of goods is recognised when significant risks and rewards are transferred to the customers. Sales are net of trade discount and sales tax but inclusive of excise duty. Bonus or penalty linked to operating efficiency of products, where applicable, is accounted for upon crystalization. Interest income is recognised on time proportionate basis. Dividend income is accounted for, when the right to receive the same is established.
8. **Treatment of Employee Benefits**  
The Company makes regular contributions to duly constituted Funds set up for Provident Fund, Family Pension, Gratuity and Superannuation which are charged to revenue. Contribution to gratuity fund and provision for leave encashment are made on the basis of actuarial valuation.
9. **Research and Development**  
Revenue expenses are charged off in the year in which it is incurred under the natural heads of account. Capital expenditure, when incurred is added to the cost of fixed assets.
10. **Foreign Currency Transactions**  
Foreign currency transactions are recorded at exchange rate prevailing on the date of transaction/realisation. Current assets/liabilities are restated at rates prevailing at the year end and resultant exchange difference are recognised in the Profit and Loss Account. In case of forward exchange contracts, the premium or discount arising at the inception of such contracts is amortised over the life of the contract as well as the exchange difference on such contracts i.e., differences between the exchange rates at the reporting /settlement date and the exchange rate on the date of inception/last reporting date, is recognised in the Profit & Loss Account. Non-monetary items denominated in foreign currency are valued at the exchange rate prevailing on the date of transaction.
11. **Deferred Tax**  
In accordance with Accounting Standard-22 'Taxes on Income, deferred tax is recognised, subject to consideration of prudence, being the difference between accounting and taxable income that originate in one year and are capable of reversal in subsequent year.
12. **Impairment of Assets**  
At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the assets exceeds its recoverable amount, an impairment loss is recognised in the profit and loss account to the extent the carrying amount exceeds the recoverable amount.
13. **Provisions and Contingencies**  
The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation can not be made.



**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)**

	<b>2007-08</b>	<b>2006-07</b>
	<b>Rs.Lakhs</b>	<b>Rs.Lakhs</b>
<b>17. NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT</b>		
1. Claims against the Company not acknowledged as debts	<b>1,331.65</b>	897.12
2. Other monies for which the Company is contingently liable	<b>6.24</b>	16.00
3. Disputed Income Tax demands under appeal not provided for	<b>19.24</b>	90.51
4. i) Guarantee given to a Bank for loan facilities on behalf of OCL Global Ltd an associate concern. (USD 19,80,000) (Previous Year USD 4,00,000)	<b>794.18</b>	175.08
ii) Guarantee given to a Bank for loan facilities on behalf of OCL Iron & Steel Ltd	<b>3,500.00</b>	-
5. Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>35,473.34</b>	38,841.01
6. Followings have been included under other heads :		
Salaries and Wages	<b>186.68</b>	160.29
Contribution to Provident and Other Funds	<b>19.27</b>	31.89
Workmen and Staff Welfare Expenses	<b>28.15</b>	11.64
Payment to Contractors for Services	<b>959.15</b>	1,114.31
Power and Fuel	<b>242.37</b>	186.99
Consumption of Stores and Spare Parts	<b>481.32</b>	428.56
Repairs to Machinery	<b>435.91</b>	496.12
Repairs to Buildings	<b>24.41</b>	13.43
Royalty and Cess	<b>654.04</b>	583.97
Rent	<b>0.68</b>	0.70
Rates and Taxes	<b>9.92</b>	8.29
Insurance	<b>13.56</b>	18.78
Commission to Other Agents	<b>2.49</b>	2.73
Depreciation	<b>117.37</b>	115.23
Sundry Sales/Income	<b>109.03</b>	244.72
7. Remuneration to Whole-time Director (excluding contribution to gratuity fund and provision for leave encashment which are provided for on actuarial basis for the Company as a whole)		
Salary and Allowances	<b>89.56</b>	14.89
Contribution to Provident Fund and Other Funds	<b>6.29</b>	4.13
Perquisites	<b>12.01</b>	5.00
8. Computation of Commission Payable to Directors :		
Profit before Taxation	<b>17,701.57</b>	11,757.32
Add : Director's Fees	<b>7.90</b>	2.68
Director's Commission	<b>26.00</b>	27.00
Remuneration to whole time Director	<b>107.86</b>	24.02
	<b>141.76</b>	53.70
	<b>17,843.33</b>	11,811.02
Less : Excess of sale price over the cost of assets sold	<b>0.38</b>	577.61
Profit on sale of investments	<b>730.91</b>	-
Profit on sale of rights over property	<b>234.90</b>	-
Net Profit for calculating Director's Commission	<b>16,877.14</b>	11,233.41
Commission @ 1% on above	<b>168.77</b>	112.00
Commission Payable	<b>26.00</b>	27.00



**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)**

	2007-08	2006-07
	Rs.Lakhs	Rs.Lakhs
<b>17. NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)</b>		
9. Remuneration to Auditors and Expenses		
Auditors		
Audit Fee	8.00	5.00
Tax Audit Fee	0.75	0.75
In Other Capacities		
For Taxation matters	0.75	3.50
For Certification of Statements	2.68	3.51
Expenses including boarding and Lodging	4.10	2.62
Cost Auditor		
Audit Fee	0.25	0.25
Expenses including boarding and Lodging	0.19	0.20
10. Assets hypothecated with Banks also stand security for non-fund based limits.		
11. In the opinion of the Board and to the best of their knowledge and belief, the valuation on realisation of current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet.		
12. In accordance with Accounting Standard (AS-11) issued by ICAI, net gain of Rs. 176.53 lakhs (Previous Year net loss Rs.122.77 lakhs) due to exchange difference arising on foreign currency transactions has been considered in the Profit and Loss Account.		
13. As per Delhi High Court Order dated 11th March 2004, disposing off the Company's writ challenging the fixation of retention price for cement, the Company repaid Rs.395.75 lakhs, the amount provisionally received/retained in the year 1981 and 1982. The Court further directed (a) the matter be decided by the Tariff Commission/Committee and (b) the question of payment of interest shall be decided after the decision of the said Commission/Committee. The matter is pending before Tariff Commission.		
14. The Supreme Court of India in April, 1996, upheld the validity of Jute Packing Materials (Compulsory use in Packing Commodities) Act, 1987. The Company has been legally advised that the Act is applicable to it only with effect from October, 1996. Under the Act, Cement Manufacturers are required to use Jute Packaging Material for supply or distribution upto 50% of their total production. The Calcutta High Court has granted stay against show cause notice received by the Company from the Jute Commissioner. The Union of India, through the Jute Commissioner have filed petition for transfer of all writ petitions along with other proceedings pending before various High Courts for hearing and disposal on merit by Supreme Court. The amount that may become payable, in case it is ultimately held that penalty is payable for non compliance of Act during the intervening period is presently not ascertainable. However, the Government has not notified the compulsory packing of Cement in jute packing materials for the period effective from 1st July, 1997.		
15. Disclosure of Sundry Creditors under Current Liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006. Amount overdue as at 31 March, 2008, to Micro and Small Enterprises on account of principal amount together with interest (Rs 0.08 lakhs), amount to Rs 4.49 lakhs (previous year - Nil).		
16. The uncashed dividend of Rs.30.75 lakhs (Previous year Rs.25.06 lakhs) and deposits (including interest) of Rs.15.07 lakhs (Previous year Rs.15.59 lakhs), shown under current liabilities do not include any amount due and outstanding to be credited to the 'Investor Education and Protection Fund'.		
17. In respect of slow moving inventory of spares, the value has been written down by Rs.568.07 lakhs towards obsolescence loss.		



**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)**

**17 NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)**

**18. Segmental Disclosure :**

	Rs. Lakhs						
	Cement	Refractory	Steel	Real Estate Operations	Others	Unallocable	Total
<b>Segment Revenue</b>							
External	<b>66,672.58</b> (56,119.89)	<b>21,298.36</b> (20,768.96)	(13,149.19)				<b>87,970.94</b> (90,038.04)
Inter-Segment	<b>12.18</b> (31.88)	<b>377.78</b> (244.88)	(134.23)				<b>389.96</b> (410.99)
<b>Segment Result</b>							
Profit / (Loss) before Tax and Interest	<b>18,612.43</b> (13,355.97)	<b>2,015.10</b> (1,540.26)	(470.57)	(9.65)		<b>-1,041.69</b> (-1,093.40)	<b>19,585.84</b> (14,263.75)
Less : Interest (Net)						<b>1,884.27</b> (2,506.43)	<b>1,884.27</b> (2,506.43)
Profit before Taxation							<b>17,701.57</b> (11,757.32)
Provision for Taxation							
- Current						<b>6,100.00</b> (2,500.00)	<b>6,100.00</b> (2,500.00)
- Deferred						<b>-77.98</b> (1,460.39)	<b>-77.98</b> (1,460.39)
- Fringe Benefit Tax						<b>65.00</b> (45.00)	<b>65.00</b> (45.00)
Profit after Taxation						<b>11,614.55</b>	<b>(7,751.93)</b>
<b>Other Information</b>							
Segment Assets	<b>1,12,831.34</b> (56,131.31)	<b>21,766.38</b> (19,164.73)	(18,197.10)	(4,958.29)		<b>400.42</b> (643.21)	<b>1,34,998.14</b> (99,094.64)
Segment Liabilities	<b>16,859.91</b> (8,133.31)	<b>3,220.85</b> (2,229.02)	(1,432.59)	(1.16)		<b>59,607.32</b> (50,504.39)	<b>79,688.08</b> (62,300.47)
Capital Expenditure including capital WIP	<b>47,719.12</b> (13,405.91)	<b>328.79</b> (1,158.80)	(1,302.00)				<b>48,047.91</b> (15,866.71)
Depreciation	<b>2,093.55</b> (2,046.54)	<b>621.94</b> (561.45)	(773.05)				<b>2,715.49</b> (3,381.04)
Non cash expenses other than depreciation :							
Provision for Leave encashment	<b>3.76</b> (17.31)	<b>3.33</b> (13.04)	(0.42)				<b>7.09</b> (30.77)

Figures in brackets are in respect of previous year.

- Note :
- As per practice consistently followed, inter segment transfers for capital jobs recognised at cost and for other jobs at estimated realisable value.
  - Business segment is considered as primary segment and there is only one geographical segment.



**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)**

**17 NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)**

19. Related Party Disclosures as per Accounting Standard (AS-18) issued by the Institute of Chartered Accountants of India.

a) Related parties and their relationship :

- 1) Subsidiary Companies : Landmark Property Development Company Ltd (Formerly Konark Minerals Limited - upto 30.03.2008), OCL Iron & Steel Limited (upto 30.03.2008), Kashmissa Industries Limited.
- 2) Key management personnel : Shri M H Dalmia, Shri R H Dalmia, Shri Y.H.Dalmia (non-executive Director), Shri V P Sood (whole time director)  
Relatives : Shri Gaurav Dalmia, Shri Puneet Dalmia, Shri Gautam Dalmia. Smt. Abha Dalmia, Smt. Padma Dalmia, Smt. Sharmila Dalmia, Smt.Kanupriya Somany, Smt. Shripriya Dalmia Thirani, Smt. anuradha Jatia,
- 3) Associate concern : OCL Global Limited
- 4) Enterprises over which key management personnel are able to exercise significant influence : Hari Machines Limited, Dalmia Agencies Pvt. Limited, Dalmia Bharat Seva Trust, Satya Miners And Transporters Limited, Konark Investments Limited, Marathwada Refractories Limited, Debikay Systems Ltd, Dapel Investments Pvt. Ltd, Dalmia Institute of Scientific & Industrial Research, Dalton International Ltd, Epic Mercantiles Ltd., Eik Rivers Ceramics Ltd., Lions Commercial Company Ltd., Artech Infosystems (P) Ltd., Agrico Ltd., Dalmia Cement (Bharat) Ltd., Astir Properties Pvt.Ltd.

b) Transactions with above in ordinary course of business :

	<b>2007-08</b>	2006-07
	<b>Rs. Lakhs</b>	Rs. Lakhs
1) Transactions with parties referred in (1) above:		
a) Purchase and sale of goods and fixed assets	<b>36.37</b>	11.25
b) Inter corporate deposit received and repaid	<b>29.00</b>	37.00
c) Advance given and received	<b>5.30</b>	-
d) Interest paid	<b>1.39</b>	2.32
e) Services rendered and received	<b>117.42</b>	1.34
f) Guarantee Provided	<b>3,500.00</b>	-
g) Security deposit and rent received and paid	<b>3.18</b>	-
h) Receivable at the year end	<b>6.41</b>	0.88
i) Payable at the year end	<b>900.30</b>	-
2) Transactions with parties referred in (2) above:		
a) Remuneration	<b>353.05</b>	326.70
b) Security Deposit received and paid	<b>19.34</b>	-
c) Rent paid	<b>12.58</b>	25.16
d) Services rendered and received	<b>7.23</b>	6.15
e) Receivable at the year end	-	12.58
f) Payable at the year end	<b>0.39</b>	2.28
3) Transactions with parties referred in (3) above:		
a) Purchase and sale of goods and fixed assets	<b>179.32</b>	-
b) Services rendered and received	<b>31.69</b>	21.58
c) Guarantee Provided (USD 19,80,000)	<b>794.18</b>	175.08
d) Receivable at the year end	<b>8.70</b>	-
e) Payable at the year end	<b>22.62</b>	-
4) Transactions with parties referred in (4) above:		
a) Purchase and sale of goods and fixed assets	<b>1,179.89</b>	600.26
b) Services rendered and received	<b>245.36</b>	611.13
c) Inter corporate deposit received and repaid	<b>1,097.00</b>	666.25
d) Interest Expense	<b>57.24</b>	99.63
e) Interest Income	-	442.00
f) Advance for developed plots of land - Real Estate Operations	-	2,300.00
g) Security deposit and rent received and paid	<b>20.67</b>	-
h) Contribution to Research Institute	<b>200.00</b>	-
i) Receivable at the year end	<b>19.58</b>	2,761.0
j) Payable at the year end	<b>67.40</b>	441.69



**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)**

**7 NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)**

		<b>2007-08</b>	2006-07
20. Earning per share (EPS) as per Accounting Standard - 20		<b>Rs. Lakhs</b>	Rs. Lakhs
Profit after tax		<b>11,614.55</b>	7,751.93
Weighted Average No. of equity shares (In Lakhs) of Rs.2 each as on 31.03.2008		-	-
Basic		<b>538.29</b>	419.97
Diluted			
EPS (Rs.) Basic & Diluted		<b>21.58</b>	18.46
21. Information in respect of goods manufactured :			
Licensed Capacity (per annum)		<b>Cement</b>	<b>Refractories</b>
		Not	Not
		Applicable	Applicable
	In Lakhs		
Installed Capacity (per annum)	Tonnes	<b>20.00</b>	<b>1.06</b>
(as certified by Management)	Tonnes/MW	(20.00)	(0.80)
		(1.20)	(0.75)
		(0.53)	(14.00)
Actual Production	Tonnes	<b>20.00</b>	<b>0.71</b>
	Tonnes/MW	(18.75)	(0.54)
		(0.98)	(0.53)
		(753.56)	(713.98)
Opening Stock	Tonnes	<b>0.19</b>	<b>0.17</b>
	Tonnes	(0.29)	(0.22)
	Rs.	<b>420.17</b>	<b>1,746.62</b>
	Rs.	(521.33)	(2,200.87)
		(181.37)	-
Closing Stock	Tonnes	<b>0.25</b>	<b>0.22</b>
	Tonnes	(0.19)	(0.17)
	Rs.	<b>543.46</b>	<b>2,578.02</b>
	Rs.	(420.17)	(1,746.18)
		(707.22)	(753.56)
		-	-

Figures in brackets are in respect of previous year.

		<b>2007-08</b>		<b>2006-07</b>	
		<b>Lakh Tonnes</b>	<b>Rs. Lakhs</b>	Lakh Tonnes	Rs. Lakhs
22. Raw Materials Consumed					
i) Limestone		<b>12.33</b>	<b>2,439.44</b>	11.30	2,340.26
ii) Gypsum		<b>0.84</b>	<b>1,083.73</b>	0.68	723.81
iii) Granulated Blast Furnace Slag		<b>11.66</b>	<b>4,731.63</b>	10.77	5,231.66
iv) Purchased Clinker		<b>0.09</b>	<b>276.46</b>	0.35	1,068.39
v) Dead Burnt Magnesite		<b>0.14</b>	<b>2,436.49</b>	0.15	2,444.44
vi) Quartzite (Own Quarry)		<b>0.21</b>	<b>826.40</b>	0.19	728.51
vii) Resins (Current Year 408 MT)		<b>0.00</b>	<b>422.27</b>	0.01	477.22
viii) Graphite		<b>0.01</b>	<b>253.86</b>	0.01	260.44
ix) Bauxite		<b>0.04</b>	<b>372.92</b>	0.03	291.80
x) Aluminium Powder (Current Year 106 MT, PY 163 MT)		<b>0.00</b>	<b>151.33</b>	0.00	226.53
xi) White/Brown Abrasive Grain		<b>0.03</b>	<b>1,048.40</b>	0.04	1,037.24
xii) Iron Ore		-	-	1.77	4,496.48
xiii) Coal		-	-	1.64	2,564.58
xiv) MS Scrap		-	-	0.10	1,360.18
xv) Others			<b>5,026.05</b>		<b>4,522.00</b>
			<b>19,068.98</b>		<b>27,773.54</b>



**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)**

**17 NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)**

	2007-08		2006-07	
	Tonnes	Rs. Lakhs	Tonnes	Rs. Lakhs
23. Purchase of goods traded in :				
Refractories	2,137	258.18	3,735	863.87
Cement	0.25	0.01	-	-
		<u>258.19</u>		<u>863.87</u>
24. Value of imported and indigenous Raw Materials and Spare parts Consumed	%		%	
i) Raw Materials				
Imported	22.71	4,330.87	17.81	4,947.54
Others	77.29	14,738.11	82.19	22,826.00
ii) Spare parts				
Imported	4.78	135.71	8.74	214.57
Others	95.22	2703.90	91.26	2,241.17
25. Imports (C.I.F. Value)				
i) Raw Materials		3,771.83		4,593.30
ii) Stores and Spare parts		310.26		278.90
iii) Capital Goods		6,468.01		1,541.37
26. Expenditure in foreign currency on account of Royalty, Professional Consultation Fees, Interest, Commission and Other matters		426.60		828.77
27. Earnings in Foreign Exchange				
i) Goods exported (F.O.B. Value)		2,439.52		3,514.74
ii) Interest receipt		5.01		-
iii) Service charges		32.40		30.41
iv) UK Vat refund		0.35		0.56
28. The Company has not paid dividends in foreign currency during the year in respect of shares held by non-residents. The amount payable to non-resident shareholders has been paid to their mandatee banks. The amount of dividend so paid to non resident shareholders during the year is as follows:				
Particulars		2007-08		2006-07
A) No.of non-resident share holders	-	127	-	130
B) No. of equity shares held by them	-	2,30,111	-	3,68,262
C) Amount of dividend paid (Rs. In Lakhs)	-	2.30	-	7.37
D) Year to which the dividend relates	-	2005-06	-	2006-07 (Interim)
29 Foreign Currency Exposure	In Lakhs			
i) Hedged - Forward Contracts for imports (USD)	USD	2.76	-	0.97
		-	-	-
ii) Not Hedged - Debtors	USD	4.61	-	15.86
	Euro	8.59	-	1.19
	AED	-	-	8.15
	Yen	-	-	175.60
	GBP	0.29	-	0.43
Creditors	USD	208.59	-	33.40
	Euro	8.34	-	0.69
	JPY	5.15	-	-
Cash & Bank Balance	USD	0.04	-	0.06
	GBP	0.00	-	0.01
	Euro	0.01	-	0.01
	RMB	0.00	-	-
Fixed Deposit	USD	7.15	-	-
Term Loan	USD	123.43	-	28.13



**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)**

**17. 'NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)**

30. Kashmissa Industries Ltd., a wholly owned subsidiary has taken necessary steps under law for its name to be struck off by the Registrar of Companies u/s 560 of the Act. The Order, striking off the name of the Company is awaited. The subsidiary has no assets and liabilities and Companys' investments in share capital has already been written off. In view of the same consolidated accounts have not been prepared and statement u/s 212 has not been attached.

31. i) The Hon'ble High Court of Orissa, Cuttack vide its Order dated 27.11.2007, sanctioned a scheme of arrangement for transfer of the Steel undertaking and Real Estate undertaking of the Company to the transferee Companies viz. OCL Iron & Steel Ltd., and Konark Minerals Ltd (Now known as Landmark Property Development Company Ltd) respectively, the appointment date being 01.01.2007. The aforesaid Order was filed with the Registrar of Companies, Orissa on 20.12.2007, whereupon the scheme became effective. Accordingly, the assets and liabilities of these two undertakings stand demerged and vested in the transferee Companies as of 01.01.2007. In terms of the scheme, the Company had carried on the business and activities of these two undertaking on behalf of and in trust for the transferee companies for the period 01.01.2007 to 19.12.2007. The results of these two undertakings for the period 01.04.2007 onwards are not dealt with in these accounts. The income and expenses of the period 01.01.2007 to 31.03.2007, which were part of the audited accounts for the year ended 31.03.2007, have been written back/charged off in the Profit & Loss Account of the Company in the current year.

**Details of Expenses over Income arising on demerger for the period 01.01.2007 to 31.03.2007**

	Steel Rs. Lakhs	Real Estate Rs. Lakhs	Total Rs. Lakhs
<b>INCOME</b>			
Sales & Self Consumption	5,207.50	-	5,207.50
Less : Excise Duty	<u>543.03</u>	-	<u>543.03</u>
	4,664.47	-	4,664.47
Increase/(-) Decrease in Stocks	56.76	-	56.76
	-	-	-
Other Receipts	<u>11.87</u>	-	<u>11.87</u>
	<u>4,733.10</u>	-	<u>4,733.10</u>
<b>EXPENDITURE</b>			
Raw Materials Consumed	2,714.53	-	2,714.53
Salaries, Wages and Benefits to Employees	17.24	2.50	19.74
Power and Fuel	818.77	-	818.77
Other Expenses	693.75	12.21	705.96
Interest (Net)	224.53	(175.19)	49.34
Depreciation	<u>218.10</u>	-	<u>218.10</u>
	<u>4,686.92</u>	<u>(160.48)</u>	<u>4,526.44</u>
<b>Profit Before taxation of Demerged Undertakings</b>	<u>46.18</u>	<u>160.48</u>	<u>206.66</u>

ii) In terms of the scheme, the value of assets (net of liabilities) as on 01.01.2007(appointed date) transferred to the transferee companies are : (a) Steel Undertaking Rs.70.47 crores and (b) Real Estate Undertaking Rs.48.10 crores.

iii) The Hon'ble High Court of Gauhati, Guwahati, vide its Order dt.15.10.2007 and the Hon'ble High Court of Orissa, Cuttack vide its Order dt.27.11.2007, sanctioned the scheme of arrangement for merger of Dalmia Cement (Meghalaya) Ltd. (DCML) with the Company, the appointed date being 01.07.2007. The aforesaid Order was filed with the Registrar of Companies, Guwahati on 05.11.2007 and with the Registrar of Companies, Orissa on 20.12.2007, whereupon the merger became effective. The amalgamation has been accounted for under the "Pooling of Interest" method as per AS-14. Accordingly, the assets and liabilities and reserves have been taken over at their book values as on 01.07.2007.

iv) Consequent to the merger of DCML, the Company has allotted 61 fully paid up equity shares (of Rs.2 each) for every 100 equity shares (of Rs.2 each) held by the members of DCML, resulting in increase of the paid up capital of the Company by Rs.2.47 crores and reserves (share premium account) by Rs.196.00 crores and Capital Reserve by Rs.1.58 crores.

v) In view of the merger/demerger as explained above, the current year figures are not comparable with those of the previous year figures.



**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)**

**17. 'NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)**

32. Employee Benefits

- a) The Company has determined the liability for Employee benefits as at March 31, 2008 in accordance with revised Accounting Standard 15 - issued by ICAI - Employee defined benefits  
b) Following information are based on report of an Actuary. Defined benefit plans as at March 31, 2008

	<b>Gratuity (Funded) (Rs.Lakhs)</b>	<b>Leave Encashment (Unfunded) (Rs.Lakhs)</b>
<b>A Break-up of expenses</b>		
1 Current Service Cost	104.02	36.36
2 Interest cost	69.08	9.27
3 Expected return on plan assets	68.58	-
4 Net Actuarial (gain) / loss recognised during the year	<u>-50.85</u>	<u>10.01</u>
5 Total expense	<u>53.67</u>	<u>55.64</u>
<b>B Actual return on plan assets</b>		
1 Expected return on plan assets	68.58	-
2 Actuarial gain / (loss) on plan assets	<u>-4.28</u>	<u>-</u>
3 Actual return on plan assets	<u>64.31</u>	<u>-</u>
<b>C Reconciliation of obligation and fair value of assets</b>		
1 Present value of the obligation	940.33	131.27
2 Fair value of plan assets	<u>942.09</u>	<u>-</u>
3 Funded status [surplus / (deficit)]	<u>1.76</u>	<u>-131.27</u>
<b>D Change in present value of the obligation during the year ended March 31, 2008</b>		
1 Present value of obligation as at April 1, 2007	891.31	135.69
2 Current Service Cost	104.02	36.36
3 Interest cost	69.08	9.27
4 Benefits paid	<u>-68.95</u>	<u>-60.06</u>
5 Actuarial (gain) / loss on plan assets	<u>-55.13</u>	<u>10.01</u>
6 Present value of obligation as at March 31, 2008	<u>940.33</u>	<u>131.27</u>
<b>E Change in Assets during the year ended March 31, 2008</b>		
1 Fair value of plan assets as at April 1, 2007	891.73	-
2 Expected return on plan assets	68.58	-
3 Contribution made	55.00	-
4 Benefits paid	<u>-68.95</u>	<u>-</u>
5 Actuarial gain / (loss) on plan assets	<u>-4.28</u>	<u>-</u>
6 Fair value of plan assets as at March 31, 2008	<u>942.09</u>	<u>-</u>
<b>F The major category of plan assets as a percentage of total plan</b>		
Gratuity : 95% invested with Central Govt/State govt/State Govt. Securities/Public sector bonds		
Leave Encashment : Unfunded		
<b>G Actuarial Assumptions</b>		
1 Discount rate	8.00%	
2 Expected rate of return on plan assets	8.00%	
3 Mortality	LIC 1994-96	
4 Salary escalation	6.00%	
c) Gratuity is administered by an approved gratuity fund trust		
d) Amount recognised as an expense in respect of defined benefits plan as under :		
1 Contribution to Gratuity Fund	55.00	
2 Gratuity paid directly	38.86	
3 Leave encashment	<u>55.64</u>	
	<u>149.50</u>	



**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)**

**17 NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd..)**

	<b>Rs. Lakhs</b>
e) Defined Contribution plan:	
Contribution to Defined Contribution Plan, recognised as expense for the year as under:	
1 Employer's contribution to Government Provident Fund	<b>292.39</b>
2 Employer's contribution to Superannuation Fund	<b>61.91</b>
3 Farewell gift to Retired Employees	<b>0.51</b>
4 Medical insurance premium to Retired Employees	<b>12.76</b>
	<b><u>367.57</u></b>
f) Since the detailed information for disclosure as required under AS-15 (Revised) has been compiled for the first time, comparatives have not been given.	
33. Capital Work-In-Progress at Kapilas Cement Works includes the following expenses / income :	
Salary & Wages	<b>183.69</b>
Rent	<b>2.57</b>
Rates & Taxes	<b>1.84</b>
Insurance	<b>40.36</b>
Bank Financing Charges	<b>180.45</b>
Others	<b>154.08</b>
Sale of Cement arising on Trial run (Qty 552 MT)	<b>21.25</b>
34. Previous year figures have been regrouped where necessary to correspond with current year figures.	

			for OCL INDIA LIMITED, On behalf of the Board
	Annexure to our Report of Date for V Sankar Aiyar & Co. Chartered Accountants Ajay Gupta Partner Membership No. 90104	Rachna Gorla Company Secretary  D.N. Singh Executive Director (Finance) & Chief Financial Officer	Pradeep Kumar Khaitan D.N. Davar Puneet Dalmia S.R Jain V.D. Jhunjhunwala Directors
Place : New Delhi Date : 15.05.2008			



## CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2008

(Rs.Lakhs)

	2007-08	2006-07
<b>A. CASHFLOW FROM OPERATING ACTIVITIES</b>		
Net profit before Taxes	17,701.57	11,757.32
Adjustment for :		
Depreciation	2,748.03	3,410.76
Interest Paid (Net)	1,884.28	2,506.43
Profit on sale of Property Rights	-234.90	-
Diminution in value of Investments	-	25.00
Profit on sale of Investment	-730.91	-
Dividend on Investment	-2.93	-2.33
Profit / Loss on sale/write off of Fixed Assets (Net)	-2.17	-575.36
	<u>3,661.40</u>	<u>5,364.50</u>
Operating profit before working capital changes	21,362.97	17,121.82
Adjustments for Working Capital changes		
Decrease/(-)Increase in Inventories	257.67	-2,393.43
Increase in Trade and other payables	8,127.62	2,652.19
Increase in Trade and other Receivables	-1,545.94	-1,169.33
	<u>6,839.35</u>	<u>-910.57</u>
Cash generated from Operations	28,202.32	16,211.25
Tax Paid (Net)	-4,686.88	-3,068.56
Net Cash from Operating Activities	<u>23,515.44</u>	<u>13,142.69</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-47,633.13	-15,858.66
Sale/write off of Fixed Assets	22.98	591.41
Gain on sale of Property Rights	234.90	-
Profit on sale of Investment	730.91	-
Purchase of Investment	-144.01	-
Dividend on Investments	2.93	2.33
Decrease / (-) Increase in Loans given	-7.24	3,476.23
Net Cash generated / (-) used in Investing Activities	<u>-46,792.66</u>	<u>-11,788.69</u>



## CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2008

(Rs.Lakhs)

	2007-08	2006-07
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>		
Share Capital including Share premium received		76,36.75
Share Capital/premium received on merger	20,004.11	-
Increase in Secured Loans	12,956.91	2,397.12
Decrease in Unsecured Loans	-5,491.23	-1,775.89
Transferred to demerger unit	-1,727.19	
Dividend Paid		-381.84
Taxes on Dividend Paid		-53.55
Interim Dividend Paid		-890.95
Tax on Interim Dividend paid		-124.96
Interest Paid (Net)	<u>-1,884.28</u>	<u>-2,506.43</u>
Net Cash from Financing Activities	<u><b>23,858.32</b></u>	<u>4,300.25</u>
Net changes in Cash and Cash equivalents	<u><b>581.10</b></u>	<u>5,654.25</u>
Net Increase / (-)Decrease in Cash and Cash equivalents		
Balance at the end of the year	9,664.59	9,083.49
Balance at the beginning of the year	<u>9,083.49</u>	<u>3,429.24</u>
	<u><b>581.10</b></u>	<u>5,654.25</u>

Place : New Delhi  
Date : 15.05.2008

Annexure to our Report of Date  
for V Sankar Aiyar & Co.  
Chartered Accountants  
Ajay Gupta  
Partner  
Membership No. 90104

Rachna Gorla  
Company Secretary  
  
D.N. Singh  
Executive Director (Finance)  
& Chief Financial Officer

for OCL INDIA LIMITED,  
On behalf of the Board  
Pradeep Kumar Khaitan  
D.N. Davar  
Puneet Dalmia  
S.R Jain  
V.D. Jhunhunwala  
Directors



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details		
Registration No. 000185		State Code.15
Balance Sheet Date		31.03.2008
II. Capital raised during the year (Rs.Lakhs)		
Public Issue		Nil
Rights Issue		Nil
Bonus Issue		Nil
Private Placement (Alloted under scheme of arrangement on merger of Dalmia Cement (Meghalaya) Ltd with the Company)		247.05
III. Position of Mobilisation & Deployment of Funds (Rs.Lakhs)		
Total Liabilities		1,34,998.14
Total Assets		1,34,998.14
Sources of Funds		
Paid up Capital		1,138.50
Reserve and Surplus		54,171.56
Deferred Tax Balance		5,882.83
Secured Loans		49,227.10
Unsecured Loans		697.21
Application of Funds		
Net Fixed Assets		93,072.13
Investments		182.12
Net Current Assets		17,862.95
Misc. Expenditure		Nil
Accumulated Losses		Nil
IV. Performance of Company (Rs.Lakhs)		
Turnover		89,282.08
Total Expenditure		74,882.16
Profit Before Tax		17,701.57
Profit After Tax		11,614.55
Earning per Share (Basic) in Rs.		21.58
Dividend Rate %		125
V. Generic Names of Principal Products/Services of the Company (as per monetary terms)		
Item Code No. (ITC Code)		6902 & 6903
Product Description		Refractory
Item Code No. (ITC Code)		2523
Product Description		Cement

Place : New Delhi  
Date : 15.05.2008

Annexure to our Report of Date  
for V Sankar Aiyar & Co.  
Chartered Accountants  
Ajay Gupta  
Partner  
Membership No. 90104

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for OCL INDIA LIMITED,  
On behalf of the Board  
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D.N. Davar  
Puneet Dalmia  
S.R Jain  
V.D. Jhunjhunwala  
Directors





## FIVE YEARS' FINANCIAL HIGHLIGHTS

		2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
<b>SALES</b>	( Rs. Lakhs )	<b>87,970.94</b>	<b>90,038.04</b>	69,339.44	56,366.49	44,928.08
<b>PROFIT BEFORE TAXATION</b>						
Total Amount	( Rs. Lakhs )	<b>17,701.57</b>	<b>11,757.32</b>	5,557.08	3,658.85	3,498.57
Return on Sales	( % )	<b>20.12</b>	<b>13.06</b>	8.01	6.49	7.79
<b>PROFIT AFTER TAXATION</b>						
Total Amount	( Rs. Lakhs )	<b>11,614.55</b>	<b>7,751.93</b>	3,779.26	2,816.54	2,260.57
Return on Sales	( % )	<b>13.20</b>	<b>8.61</b>	5.45	5.00	5.03
<b>DIVIDEND</b>						
Total Amount	( Rs. Lakhs )	<b>1,422.51</b>	<b>890.95</b>	381.84	296.81	593.61
On Ordinary Shares	( % )	<b>125.00</b>	<b>100.00</b>	50.00	50.00	100.00
<b>ALL TAXES</b>						
Total Amount	( Rs. Lakhs )	<b>29,404.52</b>	<b>24,925.32</b>	18,813.67	15,301.93	13,024.53
<b>FIXED ASSETS</b>						
Gross	( Rs. Lakhs )	<b>1,23,735.45</b>	<b>89,016.53</b>	73,198.75	60,676.85	46,954.74
Net	( Rs. Lakhs )	<b>93,072.13</b>	<b>58,945.47</b>	46,534.91	36,821.59	24,995.72
<b>CAPITAL AND RESERVES</b>						
Ordinary Shares	( Rs. Lakhs )	<b>1,138.50</b>	<b>891.45</b>	764.17	594.11	594.09
Reserves & Surplus	( Rs. Lakhs )	<b>54,171.56</b>	<b>35,902.72</b>	21,759.45	16,853.21	14,422.23
<b>NET WORTH</b>						
Total Amount	( Rs. Lakhs )	<b>55,310.06</b>	<b>36,794.17</b>	22,523.62	17,447.32	15,016.32
Per Ordinary Share	( Rs. )	<b>97.21</b>	<b>82.59</b>	58.99	58.78	50.45
<b>SHARE OWNERS</b>						
Share Holders	(Nos.)	<b>13,878.00</b>	<b>10,940.00</b>	8,786.00	6,643.00	7,374.00