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## CORPORATE GOVERNANCE

The Directors present the Company's report on Corporate Governance.

### **Corporate Philosophy**

ACC is respected in the Industry for its professional style of management and best business practices. Its core values are based on integrity, respect for the law and compliance thereof, emphasis on product quality and a caring spirit. In ACC, we believe that good governance is a systemic process which enables the Company to operate in a manner that meets with the ethical, legal and business expectations and at the same time fulfils its social responsibilities. It also focuses on the need to provide a sustainable competitive return for its investors.

The ACC Board endeavours to achieve this first, by leveraging the resources at its disposal and fostering an environment for growth and development of human resources. The management team is fully empowered to take the Company forward within the framework of effective accountability, which in turn enables the conversion of opportunities into achievements for the betterment of the Company and its stakeholders. Second, the Board has institutionalised best management practices to bring about an atmosphere of accountability. Systems are in place for strategic planning, risk management, financial plans and budgets, integrity of internal controls and reporting, communications policy with emphasis on transparency and full disclosure on the various facets of the Company's operations, its functioning and its financials and total compliance with all statutory/ regulatory requirements not only in the letter of the law but also in its spirit.

ACC believes that good governance generates goodwill among business partners, customers and investors and earns respect from society at large. Your Company is committed to the principles of good governance. Towards this objective, it has endowed a Chair for Business Ethics at the Management Centre for Human Values, Indian Institute of Management, Calcutta.

### **Board of Directors**

#### **Composition of the Board (as at March 31, 2004)**

The Board of Directors consists of professionals drawn from diverse fields. The majority of the Directors on the Board including the Chairman and Deputy Chairman are Non-Executive and Independent Directors.

The day-to-day management of the Company is conducted by the Managing Director subject to the supervision and control of the Board of Directors. He is currently assisted by two Wholetime Directors.



The brief profile of your Company's Board of Directors is as under:-

Director	Brief Resume
<b>Mr Tarun Das</b> (Chairman)	Mr Tarun Das has graduated in Economics/Commerce from Manchester University and was awarded an Honorary Doctorate in Science from the University of Warwick, U.K. As Director General of the Confederation of Indian Industry (CII), he is closely involved with major policy making groups concerned with the Indian Industry and in promoting business co-operation internationally. Mr Tarun Das has been conferred the title C.B.E. by Her Majesty, The Queen of England for his contribution to Indo-British Partnership.
<b>Mr N S Sekhsaria</b> (Deputy Chairman)	Mr Sekhsaria is a Bachelor of Chemical Engineering passed with Honours and Distinction securing second rank from the University of Bombay. He is the Managing Director of Gujarat Ambuja Cements Limited.
<b>Mr M L Narula</b> (Managing Director)	B.Sc. Engineering (Electrical). Graduate from Punjab University. Mr Narula joined ACC in 1963 and has a total experience of around 41 years with the Company in various senior positions including as a Wholtime Director since April 1996.
<b>Mr N A Soonawala</b>	B.Com, ACA. Mr Soonawala started his career as a Project Officer (Finance) with ICICI in 1958. During his tenure with ICICI, he was deputed in 1963 to the World Bank and International Finance Corporation (Washington) to study their methods of project appraisal and financing and in 1965 through the World Bank, to assist development banks in Africa. He joined Tata Sons Limited in 1968 and rose to the position of Finance Director from which he retired in June 2000. He is at present Vice Chairman of Tata Sons Limited and Director on the Boards of various Tata Companies and a Trustee of various Tata charitable Trusts.
<b>Mr Amitabha Ghosh</b> (Nominee Director of UTI)	Mr Amitabha Ghosh is a Chartered Accountant and Fellow, Indian Institute of Bankers, having expertise in Finance and Banking spanning over five decades. He was Chairman & Managing Director of Allahabad Bank and Deputy Governor and Governor of Reserve Bank of India. He was also Chairman of RBI Services Board and Deposit Insurance & Credit Guarantee Corporation and Member of the Boards of IDBI, Exim Bank, IRBI, National Institute of Bank Management and Institute of Banking Personnel Relations. He is presently a Director on the Boards of a number of reputed companies.
<b>Mr O P Dubey</b> (Representing LIC)	M.A., LL.B. Mr Dubey retired as Zonal Manager of Life Insurance Corporation of India (Eastern Zone) in the rank of Executive Director. He is presently Chair Professor (Life Insurance) with National Insurance Academy (NIA), Pune engaged in training, research and consultancy work. He has attended several Management training programmes / seminars including the programme for Senior Executives at IIM Ahmedabad, First International Underwriting Congress at Mexico and a seminar arranged by LIMRA International at Hartford, USA. He was a Member of the Governing Board of NIA during the period January 1999 to October 2001. He is a director on the Board of Oriental Carbon and Chemicals Limited.
<b>Mr A L Kapur</b>	B.A., FCA, FICWA. Mr Kapur has been closely associated with the cement industry for more than two decades. He was the President of Cement Manufacturers Association (CMA) and Chairman of the Board of Governors of the National Council for Cement & Building Materials (NCBM). Mr Kapur was also the Chairman of the



Director	Brief Resume
	Development Council for the Cement Industry for two years with effect from February 15, 1999. Presently he is a permanent invitee on the Managing Committee of CMA. He was a Wholetime Director of ACC during July 1985 to March 1989 and later he was the Executive Director and Chief Executive Officer of Birla Corporation Limited. He is presently the Wholetime Director of Gujarat Ambuja Cements Limited.
<b>Mr S M Palia</b>	B.Com., LL.B, CAIIB, CIIB (London). Mr Palia is a Development Banker by profession. He was with IDBI from 1964-1989 during which period he held various responsible positions including that of an Executive Director. He has also acted as an Advisor to Industrial Bank of Yemen, Saana (North Yemen) and Industrial Bank of Sudan, Khartoum (Sudan) under World Bank assistance programmes. He was also the Managing Director of Kerala Industrial & Technical Consultancy Organisation Ltd., set up to provide consultancy service to micro enterprises and small and medium enterprise. He is a Director on the Boards of leading companies including TISCO and a Trustee of various institutions viz. Rashtriya Gramin Vikas Nidhi, Guwahati, Bombay Community Public Trust and Godrej Memorial Trust.
<b>Mr Cyril S Shroff</b>	B. Com., LL. B. Mr Shroff is a Solicitor, High Court, Mumbai, Advocate on record, Supreme Court of India. He is the Managing Partner of the well known Law Firm, Messrs Amarchand & Mangaldas & Suresh A Shroff & Co., and is a Director on the Boards of various leading Companies.
<b>Mr P K Sinor</b> (Wholetime Director & Company Secretary)	B.Com from University of Bombay, Fellow Member of the Institute of Company Secretaries of India (FCS). Mr Sinor has an overall experience of 43 years out of which 28 years have been with the Company in senior positions including as Wholetime Director since August 1997. He has participated in various programmes and seminars including Management Development Programme at Tata Management Training Centre, Advanced Management Programme organised by the All India Management Association (AIMA), Senior Executive Programme at the London Business School and the First Asian Development Programme on the theme "The Changing Role of Chairman, Directors and CEO-Achieving effective Board Performance" held under the auspices of Asian Centre for Corporate Governance and Asian Institute of Management, Manila. He is also a Director on the Boards of some of the subsidiary companies of ACC.
<b>Mr A K Jain</b> (Wholetime Director)	Bachelor of Technology in Chemical Engineering, passed with honours from IIT, Mumbai. Mr Jain joined the Company in 1969 and has a total experience of around 35 years with the Company. He has had an outstanding career in the Organisation with a rich and varied experience of handling R & D, Refractories Business, Human Resources and Cement Marketing functions at senior levels. He is presently incharge of the Company's Cement Marketing function, Ready Mixed Concrete and Refractories businesses. He is also a Director on the Boards of some of the subsidiary and associate companies of ACC. He participated in a programme "Managing Global Opportunities" conducted by Harvard Business School and also Advanced Management Programme organised by All India Management Association(AIMA)



The details in regard to the attendance of Directors at Board Meetings/ Shareholders Meetings held during the year as also the number of Directorship/s held by them in other Companies and the position of Membership of Committee/s are given below:-

	Category	No. of Board Meetings attended out of 11 Meetings held	Attendance at the AGM held on July 9, 2003	Attendance at the EGM held on March 1, 2004	No. of other Directorships held as at March 31, 2004 *	Committee/s position as at March 31, 2004 **	
						Member	Chairman
Mr Tarun Das	Non-Executive/ Independent	7	Yes	Yes	1	—	2
Mr N S Sekhsaria	Non-Executive/ Independent	10	No	Yes	2	1	—
Mr M L Narula	Executive	10	Yes	Yes	6	1	—
Mr N A Soonawala	Non-Executive/ Independent	11	Yes	Yes	9	7	3
Mr Amitabha Ghosh	Non-Executive/ Independent	11	Yes	Yes	11	4	4
Mr O P Dubey	Non-Executive/ Independent	11	Yes	Yes	1	2	—
Mr A L Kapur	Non-Executive/ Independent	11	Yes	Yes	3	3	1
Mr S M Palia	Non-Executive/ Independent	10	Yes	Yes	5	4	3
Mr Cyril S Shroff	Non-Executive/ Independent	6	No	Yes	6	4	—
Mr P K Sinor	Executive	11	Yes	Yes	4	2	1
Mr A K Jain	Executive	11	Yes	Yes	5	1	1

\* Excludes Directorships in private/foreign companies and companies incorporated under Section 25 of the Companies Act 1956

\*\* Represents Membership/ Chairmanship of the Audit Committee, Compensation Committee and Shareholders'/ Investors' Grievance Committee of ACC and other Companies.

The Government of Andhra Pradesh has withdrawn the nomination of Mr B Ramakrishna and Mr P V Rao IAS (Retd.) Special Directors in view of the disinvestment of shares in ACC held by the said Government. Accordingly, Mr B Ramakrishna and Mr P V Rao (IAS) Retd. have ceased to be Directors of the Company with effect from March 10, 2004.



Details of the attendance of the said Special Directors at the Board Meetings/ Shareholders Meetings held during the year, as also the number of Directorship/s held by them in other Companies and the position of Membership of Committee/s held by them on the date of their cessation are given below:-

	Category	No. of Board Meetings attended out of 11 Meetings held	Attendance at the AGM held on July 9, 2003	Attendance at the EGM held on March 1, 2004	No. of outside Directorships held as at March 10, 2004 *	Committee/s position as at March 10, 2004**	
						Member	Chairman
Mr B Ramakrishna	Non-Executive Independent	7	Yes	No	—	—	—
Mr P V Rao	Non-Executive Independent	11	Yes	Yes	1	—	—

\* Excludes Directorships in private/foreign companies and companies incorporated under Section 25 of the Companies Act 1956

\*\* Represents Membership/ Chairmanship of the Audit Committee, Compensation Committee and Shareholders'/ Investors' Grievance Committee of ACC and other Companies.

The Board has appointed Mr Naresh Chandra IAS (Retd.) and Mr R K Vashishtha as Additional Directors of the Company with effect from May 5, 2004.

### Board's Functioning & Procedure

The ACC Board plays a pivotal role in ensuring good governance. Its style of functioning is democratic. The Members of the Board have always had complete freedom to express their opinion and decisions are taken on the basis of a consensus arrived at after detailed discussion. The Members are also free to bring up any matter for discussion at the Board Meetings with the permission of the Chairman.

The Board's role, functions, responsibility and accountability are clearly defined. In addition to its primary role of setting corporate goals and monitoring corporate performance, it directs and guides the activities of the Management towards the set goals and seeks accountability with a view to ensure that the corporate philosophy and mission viz to create long term sustainable growth that translates itself into progress, prosperity and the fulfillment of stakeholders' aspirations, is accomplished. It also sets standards of corporate behaviour and ensures ethical behaviour at all times and strict compliance with laws and regulations.

The following items are placed at the Meetings of the Board:-

- Managing Director's monthly report on operations of all businesses including progress of ongoing projects;
- opportunities for expansion, modernisation, new projects, merger, acquisition and divestments;
- financial plans and budgets;



- strategic and business plans;
- corporate performance against strategic and business plans, including benchmarking ACC's operational and other parameters vis-à-vis the competition;
- the unaudited quarterly/half yearly results and the audited annual accounts of the Company for consideration and adoption;
- finance statements such as cash flow, inventories, sundry debtors, and/or other liabilities or claims of substantial nature;
- status of borrowings and exposure limits;
- delegation of powers to the Management;
- information on senior appointments below the Board level;
- Industrial Relations; wage agreements, human resource planning and development; report on major accidents, if any;
- Proposals for joint venture/collaborations;
- material communications from Government; and
- communication to the Shareholders, the Stock Exchanges and the Press regarding Company's performance, future plans and other decision/changes of significant importance or of price sensitive nature.

All the items on the Agenda are accompanied by notes giving comprehensive information on the related subject. The Agenda and the relevant notes are sent in advance separately to each Director to enable the Board to take informed decisions.

**Details of Board Meetings held during the Financial Year and the number of Directors present**

Serial No.	Dates on which the Board Meeting was held	Total Strength of the Board	No. of Directors present
1.	2 <sup>nd</sup> May 2003	13	12
2.	9 <sup>th</sup> July 2003	13	11
3.	24 <sup>th</sup> July 2003	13	11
4.	28 <sup>th</sup> August 2003	13	12
5.	25 <sup>th</sup> September 2003	13	11
6.	9 <sup>th</sup> October 2003	13	11
7.	22 <sup>nd</sup> October 2003	13	12
8.	5 <sup>th</sup> December 2003	13	10
9.	17 <sup>th</sup> December 2003	13	12
10.	23 <sup>rd</sup> January 2004	13	12
11.	1 <sup>st</sup> March 2004	13	13

## Committees of the Board

### Audit Committee – (Constituted in 1986)

The role and the powers of the Audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchange. The Committee also acts as a link between the statutory and internal auditors and the Board of Directors. It reviews the various reports placed before it by the Management Audit Department and addresses itself to the larger issues and examines and considers those facets that could be of vital concern to the Company including adequacy of internal controls, reliability of financial statements/other management information, adequacy of provisions for liabilities, and whether the audit tests are appropriate and scientifically carried out and that they were aligned with the realities of the business, adequacy of disclosures and compliance with all relevant statutes. The Committee meets the statutory auditors periodically and reviews the quarterly/ half-yearly and annual Auditors' Report on financial statements and discusses their findings and suggestions and seeks clarifications thereon.

The Audit Committee comprises of the following Non-Executive and Independent Directors:-

Mr A L Kapur (Chairman)  
Mr O P Dubey  
Mr S M Palia

The dates on which the Audit Committee Meeting was held and the attendance of the Members at the said Meetings are as under:

Serial No.	Dates on which Audit Committee Meeting was held	Attendance record of the Members		
		Mr A L Kapur	Mr O P Dubey	Mr S M Palia
1.	1 <sup>st</sup> May 2003	Attended all Meetings	Attended all Meetings	Attended all Meetings
2.	8 <sup>th</sup> July 2003			
3.	24 <sup>th</sup> July 2003			
4.	27 <sup>th</sup> August 2003			
5.	24 <sup>th</sup> September 2003			
6.	22 <sup>nd</sup> October 2003			
7.	21 <sup>st</sup> November 2003			
8.	23 <sup>rd</sup> January 2004			
9.	1 <sup>st</sup> March 2004			

All the Meetings were chaired by Mr A L Kapur, as the Chairman of the Audit Committee. Mr P K Sinor, Wholetime Director and Company Secretary acts as the Secretary to the Committee. The representatives of the Statutory Auditors were present for the Meetings. The Managing/ Wholetime Directors, the President Finance and Vice President-Management Audit also attended the aforesaid Meetings. The Presidents heading the different functions of the Organisation were invited to such of the Meetings where their presence was considered necessary.





### Shareholders'/Investors' Grievance Committee - Constituted in 1962

The Shareholders'/Investors' Grievance Committee deals with various matters relating to :-

- transfer / transmission of shares / debentures,
- issue of duplicate share certificate,
- issue and allotment of Rights / Bonus shares/ shares against Employee Stock Options,
- review of shares dematerialised and all other related matters,
- monitors expeditious redressal of investors' grievances,
- all other matters related to shares/ debentures.

The Committee consists of the following Members:-

Mr Tarun Das (Chairman)  
Mr A L Kapur  
Mr M L Narula

The dates on which the Committee Meeting was held and the attendance of the Members at the said Meetings are as under:-

Serial No.	Dates on which the Shareholders'/Investors' Grievance Committee Meeting was held	Attendance record of the Members		
		Mr Tarun Das	Mr A L Kapur	Mr M L Narula
1.	2 <sup>nd</sup> May 2003	Attended	Attended all Meetings	Attended all Meetings
2.	9 <sup>th</sup> July 2003	Attended		
3.	24 <sup>th</sup> July 2003	Leave of Absence		
4.	28 <sup>th</sup> August 2003	Attended		
5.	25 <sup>th</sup> September 2003	Leave of Absence		
6.	22 <sup>nd</sup> October 2003	Attended		
7.	17 <sup>th</sup> December 2003	Attended		
8.	23 <sup>rd</sup> January 2004	Leave of Absence		
9.	1 <sup>st</sup> March 2004	Attended		

The Company has appointed Mr P K Sinor, Wholetime Director & Company Secretary, as the Compliance Officer.

During the year 163 complaints were received from shareholders, all of which have been attended/resolved till date. No investor grievances remained unattended/pending for more than thirty days. The Company had 81 share transfers pending as on March 31, 2004. These were transfers lodged after March 22, 2004.



### Compensation Committee - (Constituted in 1993)

The terms of reference of the Compensation Committee, inter alia consists of reviewing the overall compensation policy, service agreements and other employment conditions of the Managing/ Wholetime Directors with a view to retaining and motivating the best managerial talents. In determining the remuneration package of the Managing/Wholetime Directors, it evaluates the remuneration paid by comparable organisations and thereafter makes its recommendations to the ACC Board in this regard. It also reviews the performance of the Managing/Wholetime Directors and recommends to the ACC Board the quantum of annual increments/performance incentives. The Compensation Committee is also empowered to formulate the scheme for and grant of Stock Options to the employees including Managing/Wholetime Directors and to monitor the implementation thereof.

The Committee comprises of the following Members :-

Mr Tarun Das (Chairman)  
Mr N S Sekhsaria  
Mr N A Soonawala

The dates on which the Compensation Committee Meeting was held and the attendance of the Members at the said Meetings are as under:-

Serial No.	Dates on which Compensation Committee Meeting was held	Attendance record of the Members		
		Mr Tarun Das	Mr N S Sekhsaria	Mr N A Soonawala
1.	2 <sup>nd</sup> May 2003	Attended all Meetings	Attended all Meetings	Attended all Meetings
2.	28 <sup>th</sup> August 2003			
3.	17 <sup>th</sup> December 2003			

### Operations Review Committee – Constituted in December 2003 (Non Mandatory Committee)

In addition to the aforesaid Committees, the ACC Board has constituted in December 2003, the Operations Review Committee. This Committee was formed to have detailed discussion and evaluation of reports of technical nature concerning the business and operations of various units.

The Committee comprises of the following Members:-

Mr A L Kapur (Chairman)  
Mr O P Dubey  
Mr S M Palia  
Mr M L Narula

The Committee has met twice till date viz. on 22<sup>nd</sup> January 2004 and 31<sup>st</sup> March 2004. All the Members were present at the said Meetings.



## Minutes of Meetings

The Minutes of the Meetings of the Board and the various Committees are sent to all Directors. The Minutes of the Board Meetings of Subsidiaries are also sent to all ACC Board Directors and the circulated Minutes are also tabled at Board Meetings.

## Remuneration Policy

Subject to the approval of the Board and of the Company in General Meeting and such other approvals as may be necessary, the Managing/Wholetime Directors are paid remuneration as per the Agreements entered into between them and the Company. The remuneration structure of the Managing/Wholetime Directors comprises of salary, performance incentive, perquisites and allowances, contributions to Provident Fund, Superannuation/Annuity Fund and Gratuity. The main features of the Agreements executed by the Company with the Managing/Wholetime Directors are as under:-

Name	Mr M L Narula Managing Director	Mr P K Sinor Wholetime Director & Company Secretary	Mr A K Jain Wholetime Director
Period of Appointment/ Reappointment:	From: December 1, 2002 To: October 31, 2005	From: August 4, 2002 To: July 31, 2004	Three years w.e.f. January 25, 2002
Salary Grade: (as at March 31, 2004)	Rs 1,00,000 – Rs 2,00,000	Rs 40,000 – Rs 1,25,000	
Performance Incentive:	Upto an amount equivalent to a maximum of twenty four months of their respective salary in a particular financial year as may be decided by the Board of Directors or the Compensation Committee at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 & 309 of the Companies Act 1956.		
Perquisites:	Upto 125% of their respective annual salary.		
Minimum Remuneration:	Where in any financial year the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above, subject to all requisite approvals being obtained.		
Notice Period & Severance fees:	The Agreement may be terminated by either party giving the other party three months notice in writing of such termination or the Company paying three months salary in lieu of the notice.		



The details of the salary and perquisites (including contributions to Provident Fund/ Superannuation Fund) paid/payable for the financial year ended March 31, 2004 and the number of stock options granted to them are as under:-

Name	Mr M L Narula, Managing Director	Mr P K Sinor Wholetime Director & Company Secretary	Mr A K Jain Wholetime Director
Salary (per annum) (Rs.)	18,60,000	14,40,000	12,00,000
Perquisites (per annum) (Rs)	16,10,154	17,80,621	10,80,093
Performance Incentive (Rs)	30,00,000	18,00,000	18,00,000
Contribution to Provident Fund / Super Annuation Fund (Rs)	5,02,200	3,88,800	3,24,000
Total (Rs.)	69,72,354	54,09,421	44,04,093
Number of Stock Options(ESOS 2003)	40,000	25,000	25,000
<p>The Exercise price for the purpose of grant of options has been calculated on the basis of the average of the daily closing price of the Equity Shares of the Company on the Stock Exchange, Mumbai (BSE) during the period of thirty days immediately preceding the date on which the options were granted or the day's closing price whichever is higher. Based on the above calculations the average price worked out to Rs 225. Accordingly, the exercise price for the Options has been determined at Rs. 225/- per share.</p> <p>As per the SEBI Guidelines, the intrinsic value of the options, which is the excess of the market price (defined as the average of the two weeks high and low price of the share preceding the date of grant of option) over the exercise price of the option should be treated as another form of employee compensation in the financial statements of the Company. The average of the two weeks high and low of the share price works out to Rs 228/- per option. Accordingly, an amount of Rs 3/- per option is recognised as employee compensation in the Accounts over the vesting period.</p>			

The Non-Executive Directors do not draw any remuneration from the Company except Sitting Fees which upto July 2003 were paid at the rate of Rs 5000/- for each meeting of the Board, Audit Committee, Compensation Committee and Rs 1,500/- for Shareholders' / Investors' Grievance Committee attended by them. Pursuant to the Notification dated 24<sup>th</sup> July 2003 amending the schedule of sitting fees that can be paid to the directors, the Compensation Committee reviewed the position and taking into consideration various factors including inter alia the responsibilities entailing the position of a Director and the fact that the fees were last reviewed in April 2001, revised the fees payable to the Directors to Rs. 20,000/- for each meeting of the Board/Committee of the Board attended by them. The total amount of sitting fees paid during the year was Rs 23,47,500/-



## Disclosures

The Company had sought the expert legal advice of Messrs. Amarchand Mangaldas & Suresh A Shroff & Co., Solicitors mainly in connection with its FCCB/GDR Issue and a sum of Rs 27,61,235 had been paid as professional fees to the said firm during the financial year. Mr Cyril S Shroff, a Director of the Company is the Managing Partner of the said firm. The aforesaid professional fees are not considered material to impinge upon the independence of Mr Shroff.

The particulars of transactions between the Company and its related parties as per the Accounting Standard is set out at pages 84 & 85 of the Annual Report. However, these transactions are not likely to have any conflict with the Company's interest.

No strictures/penalties have been imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India (SEBI) or any statutory authority on any matters related to capital markets during the last three years.

## Trading in the Company's shares by Directors and designated Employees

As per the amended SEBI (Prevention of Insider Trading) Regulations 1992, the Company is required to have a Compliance Officer who is responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board. The Board has appointed Mr P K Sinor, Wholetime Director & Company Secretary as the Compliance Officer. The Company has also adopted a Code of Conduct for Prevention of Insider Trading as well as a Code of Corporate Disclosure Practices. All the Directors on the Board as well as senior level employees at all locations of the Company are governed by this Code.

## Means of Communication

- The unaudited quarterly/ half yearly results are announced within one month of the end of the quarter/ half year and the audited annual results within three months from the end of the last quarter as stipulated under the Listing Agreement with the Stock Exchanges. For the financial year 2003-2004, the audited annual results were announced on May 5, 2004. As the Company publishes the audited annual results within the stipulated period of three months as required by the Listing Agreement with the Stock Exchanges, the unaudited results for the last quarter of the financial year are not published.

The aforesaid financial results are taken on record by the Board of Directors and are communicated to the Stock Exchanges where the Company's securities are listed. Once the Stock Exchanges have been intimated, these results are given by way of a Press Release to various news agencies/analysts and are also published within 48 hours in two leading daily newspapers- one in English and one in Marathi.

- The Company also informs by way of a press release all price sensitive matters or such other matters which in its opinion are material and of relevance to the shareholders.
- The quarterly/half yearly and the annual results as well the press releases of the Company are put on the Company's Website: [www.acclimited.com](http://www.acclimited.com).
- All data required to be filed electronically as EDIFAR document pursuant to Clause 51 of the Listing Agreement with the Stock Exchange, Mumbai such as quarterly financial results, shareholding pattern, quarterly report on Corporate Governance are being regularly filed on the EDIFAR website viz, [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in) in addition to the filing of the same in hard copy with the Stock Exchanges.

### **General Information for Shareholders**

#### **Investor Services**

The Company has an in-house Share Department located at its Registered Office which handles all matters relating to the shares of the Company including transfer/transmission of shares, dematerialisation of shares, payment of dividends, sub division / consolidation of share certificates and investor grievances.

#### **Address for Correspondence**

Shareholders desiring to communicate with the Company on any matter relating to the shares/debentures of the Company may either visit in person or write quoting their folio / Demat Account number at the following address:

The Associated Cement Companies Limited.  
Share Department,  
"Cement House",  
121, Maharshi Karve Road,  
Mumbai 400 020.

Telephone Nos : 56654291; 56654304; 56654469; 56654473  
Fax No : 022- 56317458

Communication may also be sent by e-mail at the following addresses:-

For transfer/subdivision/demat:- [sujata@accement.com](mailto:sujata@accement.com)

For loss of shares/dividend/  
general inquiries:- [cakrishnan@accement.com](mailto:cakrishnan@accement.com)

For investor grievance remaining  
unattended:- [rpadmanabhan@accement.com](mailto:rpadmanabhan@accement.com)

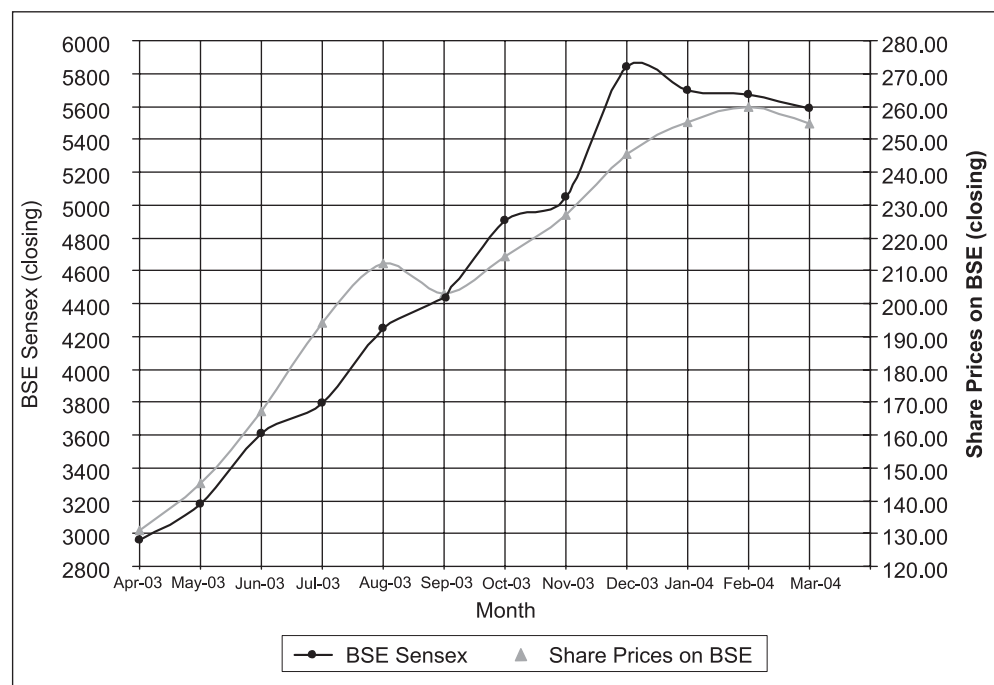
Shareholders who hold shares in dematerialised form should correspond with the Depository Participant with whom they have opened Demat Account/s.



The Company's Foreign Currency Convertible Bonds (FCCB) and Global Depository Receipts (GDR) have been listed on the London Stock Exchange. The Equity shares underlying the GDRs are listed on the Stock Exchange, Mumbai (BSE) and the National Stock Exchange of India Limited. (NSE).

#### ACC Share Price vis a vis BSE Sensex April'03 – March'04

Months		BSE Sensex	ACC Share Price			No. of shares traded during the month	Turnover Rs.
			High Rs.	Low Rs.	Close Rs.		
April	2003	2,959.79	149.10	126.70	130.90	32,59,226	43,94,24,593
May	2003	3,180.75	153.65	128.90	145.30	53,62,005	72,72,40,144
June	2003	3,607.13	171.60	145.25	167.00	80,12,360	127,09,81,413
July	2003	3,792.61	200.50	162.85	194.15	1,20,13,954	213,82,55,907
August	2003	4,244.73	221.90	190.60	212.40	2,63,54,755	550,60,00,501
September	2003	4,453.24	225.25	178.15	203.10	2,88,58,789	588,17,88,362
October	2003	4,906.87	220.60	192.40	214.20	4,10,42,768	850,61,81,574
November	2003	5,044.82	245.20	215.60	227.05	3,65,76,962	839,56,75,300
December	2003	5,838.96	255.00	216.70	245.55	2,70,21,535	631,49,70,950
January	2004	5,695.67	283.40	223.10	255.35	4,41,14,593	1,143,53,26,566
February	2004	5,667.51	277.50	238.20	259.80	3,41,87,129	897,41,75,610
March	2004	5,590.60	280.40	236.65	254.55	2,32,99,959	603,27,43,833







## **Share Transfer System and other related matters**

### **i) Share transfers**

The share transfers in physical form are presently processed and the share certificates are generally returned within a period of 15 days from the date of receipt. The Company, as per the SEBI Guidelines, was earlier offering transfer cum demat facility. However, since SEBI has withdrawn this Scheme with effect from February 10, 2004, the Company has therefore discontinued offering the facility of transfer cum demat.

### **ii) Nomination facility for shareholding**

As per the provisions of the amended Companies Act 1956, facility for making nomination is available for shareholders in respect of the shares held by them. Nomination forms can be obtained from the Share Department of the Company.

### **iii) Payment of dividend through Electronic Clearing Service**

The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividends through Electronic Clearing Service (ECS) to the investors wherever ECS and Bank details are available. In the absence of ECS facility the Company is required to print the Bank account details if available on payment instruments for distribution of dividend and /or cash benefits etc. to the shareholders.

In respect of those shareholders who have not yet opted for ECS, an ECS Mandate Form is sent with the Annual Report which may kindly be filled in and sent to the Company/Depository Participant as the case may be.

### **iv) Unclaimed Dividends**

The Company is required to transfer dividends which have remained unpaid / unclaimed for the period of 7 years to the Investor Education & Protection Fund established by the Government. The Company will require to transfer in the year 2004-2005, the dividend for the year ended March 31, 1997 which has remained unpaid/unclaimed. Those shareholders who have not encashed their warrants are requested to immediately return the outdated warrants to the Company or write to the Company in case the warrants are lost/misplaced so that the Company can issue Demand Draft(s) for the unclaimed amount of the dividend.

### **v) Correspondence regarding change of Address etc.**

Shareholders are requested to ensure that any correspondence for change of address, change in Bank Mandates etc. should be signed by the first named shareholder. The Company is now also requesting for supporting documents such as proof of residence, proof of identification whenever a letter requesting for change of address is received.

This is being done in the interest of shareholders as we have come across cases where attempts are made to fraudulently change the registered address of shareholders by unscrupulous parties. Shareholders are requested to



kindly co-operate and submit the necessary documents/evidence while sending the letters for change of address.

Shareholders who hold shares in dematerialised form should correspond with the Depository Participant with whom they have opened Demat Account(s).

**vi) Subdivision of shares**

The Company had subdivided the face value of its shares from Rs.100 to face value of Rs.10 in 1999. Communication was sent to individual shareholders in 1999 and 2001 requesting them to submit their old certificates of Rs.100 face value to get the new certificates of Rs.10 shares. It may also be noted that the Rs.100 face value shares are no longer tradable in the Stock Exchanges. We find from our records that many shareholders have not submitted their share certificates for subdivision. Shareholders are requested to get their shares subdivided by submitting the old certificates of Rs.100 to the Company's Share Department.

**vii) Pending Investors Grievances**

Any shareholder whose grievance has not been resolved to his satisfaction may kindly write to the Company Secretary at the Registered Office with a copy of the earlier correspondence.

**Distribution of shareholding (as on March 31, 2004)**

No. of Equity shares held	No. of shareholders	Percentage of shareholders	No. of shares held	Percentage of shareholding
1 to 50	44,949	37.21	10,76,168	0.61
51 to 100	22,259	18.43	18,59,844	1.05
101 to 200	19,853	16.43	29,78,151	1.68
201 to 500	17,589	14.56	58,26,251	3.28
501 to 1000	8,189	6.78	59,51,455	3.36
1001 to 5000	6,829	5.65	1,39,06,918	7.85
5001 to 10000	656	0.54	45,46,365	2.57
10001 & above	479	0.40	14,10,50,378	79.60
<b>TOTAL</b>	<b>1,20,803</b>	<b>100.00</b>	<b>17,71,95,530</b>	<b>100.00</b>

**Categories of shareholding (as on March 31, 2004)**

Category	No. of shares held	Percentage of shareholding
Promoter's holding	Nil	-
Companies	3,06,38,497	17.29
Mutual Funds	1,77,37,242	10.00
Banks	13,66,341	0.77
Financial Institutions & Nationalised Insurance Companies	3,96,62,149	22.39
State Governments	3,97,575	0.22
FII's, NRIs, OCBs	4,12,58,740	23.28
Shares underlying GDRs	56,56,000	3.19
Individuals/Others	4,04,78,986	22.86
<b>GRAND TOTAL</b>	<b>*17,71,95,530</b>	<b>100.00</b>

\* Of this 15,38,44,101 shares (86.82 %) are in dematerialised form.



### Dematerialisation of shares and Liquidity

Nearly 86.82% of the Equity Shares of the Company have been dematerialised as at March 31, 2004. The Company has entered into agreements with both National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) whereby shareholders have an option to dematerialise their shares with either of the depositories.

### Outstanding GDS/Warrants or any Convertible Instruments, conversion date and likely impact on equity

- (i.) 56,56,000 Global Depositary Shares (GDS) issued at a price of US\$ 6.19 (equivalent to Rs. 280.05) per GDS i.e. at about 1 % premium on closing share price of Rs.277.35 on March 8, 2004 on the Stock Exchange, Mumbai (BSE), representing 56,56,000 Ordinary Shares. The Company had granted to the sole arrangers of the GDS Issue viz. Citigroup Global Markets Inc. an option to subscribe upto 8,06,000 GDS (each GDS comprising one equity share of Rs. 10 each) @ US\$ 6.19 per GDS. The option was exercised on April 7, 2004.
- (ii) The Company had issued 60,000, 1% Foreign Currency Convertible Bonds of US\$ 1000 each aggregating US\$ 60 Million at par. The bonds are redeemable on March 19, 2009 at a redemption premium of 1.5% per annum so as to give the bondholders a yield to maturity of 2.5% per annum. These bonds are convertible into GDS / Shares at an initial conversion price of Rs.374.42 per share with a fixed rate of exchange on conversion of Rs.45.2425 = US \$ 1.00 at the option of bondholders at any time on or after April 28, 2004 and prior to the close of business on March 08, 2009. If all the bonds are converted into GDS / Shares, then the Share Capital of the Company will increase by around 72,50,000 Equity Shares of Rs.10 each. The Company, subject to fulfillment of certain conditions and obtaining requisite approvals, has an option to redeem these bonds in whole but not in part at any time on or after March 19, 2007 and prior to March 19, 2009 at its early redemption amount together with accrued and unpaid interest.

### Location and time of General Meetings held in last three years

Year	AGM/EGM	Location	Date	Time
2003-2004	EGM	Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020.	March 1, 2004	3.00 p.m.
2002-2003	AGM	Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020.	July 9, 2003	3.30 p.m.
2001-2002	AGM	Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020.	July 3, 2002	3.30 p.m.
2000-2001	AGM	Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020.	July 12, 2001	3.45 p.m.



At the Extra-Ordinary General Meeting held on March 1, 2004, two Special Resolutions were passed, one pertaining to raising of additional long term resources for the Company and the other pertaining to the voluntary de-listing of the Company's Equity Shares from all the Stock Exchanges excluding the Stock Exchange, Mumbai and the National Stock Exchange of India Ltd. The Resolutions were put to vote by show of hands and were passed with the requisite majority.

At the 67<sup>th</sup> Annual General Meeting held on July 9, 2003, the Special Resolutions passed pertained to the Employees' Stock Option Scheme (ESOS), extension of the ESOS to employees of the Company's Subsidiaries and reappointment of Auditors. The Resolutions were put to vote by show of hands and were passed with the requisite majority.

At the 66<sup>th</sup> and the 65<sup>th</sup> Annual General Meetings held on July 3, 2002 and July 12, 2001 respectively, two Special Resolutions were passed, one pertained to the Employees' Stock Option Scheme (ESOS), and the second pertained to extension of the ESOS to employees of the Company's Subsidiaries. The Resolutions were put to vote by show of hands and were passed with the requisite majority.

There were no items requiring voting by postal ballots.

#### Financial Calendar

Board Meeting for consideration of Accounts for the year ended March 31, 2004 and recommendation of dividend	May 5, 2004
Posting of Annual Reports	On or before June 11, 2004
Book Closure Dates	July 1, 2004 to July 9, 2004 (Both days inclusive)
Last date for receipt of Proxy Forms	July 7, 2004 before 3.30 p.m.
Date, Time & Venue of the 68 <sup>th</sup> Annual General Meeting	July 9, 2004 at 3.30 p.m. Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020.
Dividend Payment date	July 22, 2004
Probable date of dispatch of warrants	July 19, 2004
Board Meeting for consideration of unaudited results for the first three quarters of the current financial year viz- April 1, 2004 to March 31, 2005.	Within one month from the end of the quarter as stipulated under the Listing Agreement with the Stock Exchange.
Audited results for the current Financial Year ending March 31, 2005.	Within three months from the end of the last quarter as stipulated under the Listing Agreement with the Stock Exchange.

For and on behalf of the Board,

Mumbai: May 5, 2004

Tarun Das  
Chairman



## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Members,  
The Associated Cement Companies Limited.

We have examined the compliance of conditions of Corporate Governance by The Associated Cement Companies Limited., for the year ended March 31, 2004, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there were no investor grievances remaining unattended/ pending for more than 30 days.

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 K.S. Aiyar & Co.  
Chartered Accountants

Raghuvir M. Aiyar  
Partner

Mumbai: May 5, 2004

For A.F. Ferguson & Co.  
Chartered Accountants

B.P. Shroff  
Partner