



ACC Machinery Company Limited

DIRECTORS' REPORT

The Directors have pleasure in presenting the Thirtieth Annual Report and the Audited Statement of Accounts of the Company for the year ended March 31, 2004.

01. FINANCIAL RESULTS

	2003-2004 Rs. lakh	2002-2003 Rs. lakh
Sale of Products & Other Income	1711	1313
Operating Expenditure	1308	1022
Profit before interest / depreciation / amortization & tax	403	291
Interest	34	68
Depreciation / amortization	118	211
Profit before tax	251	12
Provision for tax	21	01
Profit after tax	230	11

02. OPERATIONS

At Rs. 1711 lakh the turnover saw an increase of 30.4% over the previous year. However, the profit after tax registered a significant increase at Rs. 230 lakh as compared to Rs. 11 lakh in the previous year. With this increase in profits during the year, the Company was able to wipe out the accumulated losses of Rs. 218 lakh as at March 31, 2003.

Two units of model 230-3 Vertical Pre-grinder Mill were manufactured and commissioned during the year. Three Lobe Blowers were exported for the first time. New models of Bulk Transporter with enhanced capacity were developed and supplied. Automatic Tyre Building Machine for two wheeler tyres was productionised. Tyre Building Machine with enhanced features for LCV and MUV tyres was developed and design has been registered with the patents and copyright authority.

Your Company has added refractory application machines and roof sheeting lines to its product range.

03. INDUSTRIAL RELATIONS

Subsequent to the lifting of the lock out on 11th April, 2003 the industrial relations climate has been harmonious at Butibori Works. Employees have applied themselves with renewed motivation and vigour with active participation in 5S and Kaizen programmes introduced for continuous improvement.

04. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. M.L. Narula retires by rotation and is eligible for re-appointment.

05. DIRECTORS' RESPONSIBILITY

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of section 217 (2AA) of the Companies Act, 1956:

- That in the preparation of the Annual Accounts for the year ended March 31, 2004 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- That such accounting policies as mentioned in the Notes to the Accounts have been selected and applied consistently and

estimates that are reasonable and prudent made so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year ended March 31, 2004 and of the profit of the Company for that year.

- That proper and sufficient care has been taken 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.
- That the annual accounts for the year ended March 31, 2004 have been prepared on a going concern basis.

06. AUDITORS

The shareholders are requested to appoint the auditors for the financial year 2004 - 2005 and authorise the Board of Directors to fix their remuneration.

07. PARTICULARS OF EMPLOYEES

There are no employees drawing salaries in excess of limits prescribed under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended and hence no information is furnished thereto.

08. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

As required under section 217 (e) of the Companies Act, 1956 read with (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are set out in the Annexure forming part of this Report.

09. ACKNOWLEDGEMENT

The Directors take this opportunity to express their appreciation for the co-operation received from the Central Government, the State Government, The Associated Cement Companies Limited, the Company's Bankers, valuable customers and others connected with the Company. Your Directors also thank the executives, staff and employees of the Company for their valuable services and support during the year.

For and on behalf of the Board of Directors,

M. L. Narula
Chairman

Mumbai April 27, 2004
Registered Office
Cement House
121 Maharshi Karve Road
Mumbai - 400020

ANNEXURE TO THE DIRECTORS' REPORT (PARA 8)

(Additional information given in terms of notification 1029 of 31.12.1988 issued by the Department of Company Affairs)

A. CONSERVATION OF ENERGY

A high power factor continued to be maintained on the incoming power supply at the Company's Butibori Works. Additionally, special facilities installed earlier for recording and optimising energy consumption continued to be in use and delivered expected benefits.

B. FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings : Rs. 7.15 lakh
Outgo : Rs. 18.16 lakh

C. RESEARCH AND DEVELOPMENT

1. Specific areas in which R & D carried out by the Company.
 - A Refractory Mixing and Conveying Machine was developed and successfully commissioned.
 - AC roofing sheet line with sophisticated control features was developed to meet emerging market requirements.
 - New models of Bulk Transporters with increased net capacity were developed and commissioned.
 - New Tyre Building machine for LCV & MUV tyres was developed and manufactured. Design has been registered.
2. Benefits derived as a result of the above R & D.
 - The developments would improve quality and reduce cost of products manufactured with their use.
3. Future plan of action
 - To carry out further product development and technology upgradation in existing product range to meet emerging customer needs and introduce new products.
4. Expenditure on R&D: Rs. 9.95 lakh.
5. Technology absorption, adaptation and innovation.
 - As in (1) above. Additionally, bladder type tyre building machine for two wheeler tyres was manufactured for the first time.

For and on behalf of the Board of Directors

M. L. Narula
Chairman

Mumbai April 27, 2004.

Registered Office
Cement House
121 Maharshi Karve Road
Mumbai – 400 020

AUDITORS' REPORT

To the Members of

ACC MACHINERY COMPANY LIMITED

1. We have audited the attached Balance Sheet of ACC MACHINERY COMPANY LIMITED, as at 31st March, 2004 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account ;
 - (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2004, and taken on record by the Board of Directors of the Company, we report that none of the directors of the Company is disqualified as on 31st March, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004; and
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For K. S. Aiyar & Co.
Chartered Accountants

RAMAKRISHNA PRABHU
Partner
Membership No. : 38959

Mumbai
April 27, 2004

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Most of the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and the nature of the assets.
- (c) The fixed assets disposed off during the year are not substantial. According to the information and explanation given to us, we are of the opinion that the disposal of fixed assets has not affected the going concern status of the Company.
- (ii) (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (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 and according to the information and explanations given to us, the Company has maintained proper records of inventory. The discrepancies noticed on verification between physical stocks and book stocks were not material having regard to the size of operations of the Company and have been properly dealt with in the books of accounts.
- (iii) (a) The Company has not granted or taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- Accordingly sub-clauses (b), (c) and (d) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) Based upon the audit procedures performed and according to the information and explanations given to us, there are no transactions that need to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956.
- Sub-clause (b) is not applicable.
- (vi) The Company has not accepted any deposits from the public to which the provisions of section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 apply.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
- (ix) (a) According to the records of the Company, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Income Tax, Wealth Tax, Custom Duty, Cess and other material statutory dues with the appropriate authorities. Based on our audit procedures and according to the information and explanations given to us, there are no arrears of above statutory dues which remained outstanding as at 31st March, 2004 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and records of the Company, the details of the dues of sales tax/ income tax/custom duty/wealth tax/excise duty/cess etc. which have

not been deposited on account of any dispute, are given below:

(Rupees in Lakhs)

Nature of Dues	Year	Maharashtra Sales Tax Tribunal	Dy. Commissioner (Appeals), Mumbai/Nagpur	Customs, Excise, Service Tax Appellate Tribunal, Mumbai	Total
Sales Tax (Tax/Penalty/ Interest)	1997-1998	14.38			14.38
	1998-1999	15.32			15.32
	1999-2000		5.78		5.78
	1999-2000		81.00		81.00
	2002 to 31-03-04	68.18			68.18
The Central Excise Act (Tax/Penalty/ Interest)	Feb 1997 to June 1998			20.89	20.89
	July 1998 to Dec 1998			4.11	4.11
Total		97.88	86.78	25.00	209.66

- (x) The Company does not have any accumulated losses as at 31st March, 2004. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, the Company has not defaulted in repayment of dues to banks. There are no dues to financial institutions or debenture holders.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund, nidhi/mutual benefit fund and therefore the requirements pertaining to such class of companies are not applicable.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) There are no term loans raised by the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short term basis aggregating to Rs. 148.39 Lakhs have been used to finance long term investments.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the financial year and therefore the question of creating security in respect thereof does not arise.
- (xx) The Company has not made any public issue and therefore the question of disclosing the end use of money does not arise.
- (xxi) Based upon the audit procedures performed and according to the information and explanations given and representations made by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For K. S. Aiyar & Co.
Chartered Accountants

RAMAKRISHNA PRABHU
Partner
Membership No.: 38959

Mumbai,
April 27, 2004

BALANCE SHEET AS AT MARCH 31, 2004

	Schedules	Rs. Lakh	Rs. Lakh	Previous Year Rs. Lakh
I SOURCES OF FUNDS:				
1 SHAREHOLDERS' FUNDS				
(a) Share Capital	A	400.00		400.00
(b) Reserves & Surplus				
Profit and Loss account		12.27		-
			412.27	400.00
2 LOAN FUNDS				
(a) Secured Loans	B	138.43		49.59
(b) Unsecured Loans	C	200.47		483.77
			338.90	533.36
TOTAL		751.17		933.36
II APPLICATION OF FUNDS:				
1 FIXED ASSETS				
(a) Gross Block	D	2,125.47		2,119.21
(b) Less: Depreciation		1,500.69		1,391.33
(c) Net block			624.78	727.88
(d) Capital W.I.P.			—	1.48
2 CURRENT ASSETS, LOANS AND ADVANCES				
(a) Inventories	E	365.69		393.17
(b) Sundry Debtors	F	208.51		61.95
(c) Cash and Bank Balances ..	G	20.42		12.00
(d) Loans and Advances	H	118.08		132.57
		712.70		599.69
3 LESS CURRENT LIABILITIES AND PROVISIONS				
(a) Current Liabilities	I	576.80		613.96
(b) Provisions	J	20.86		19.84
		597.66		633.80
NET CURRENT ASSETS			115.04	(34.11)
4 MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	K		11.35	20.12
5 PROFIT & LOSS ACCOUNT			-	217.99
TOTAL		751.17		933.36
NOTES ON ACCOUNTS	L			

As per our Report attached For and on behalf of the Board

For K.S. Aiyar & Co. M.L.Narula Chairman
Chartered Accountants

N.H.Italia
N.Chadha } Directors

Ramakrishna Prabhu
Partner

Mumbai, April 27, 2004 J.N.Dhondy
Company Secretary Mumbai, April 27, 2004

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2004

	Schedules	Rs. Lakh	Rs. Lakh	Previous Year Rs. Lakh
1 INCOME				
(a) Sales & Services (Gross)		1,796.68		1,296.88
Less: Excise Duty		217.63		116.82
Sales & Services (Net)			1,579.05	1,180.06
(b) Miscellaneous Income	1		132.34	132.84
			1,711.39	1,312.90
2 EXPENDITURE				
(a) Raw Materials, Bought-outs, Stores and Spares	2	870.53		745.07
(b) (Increase)/Decrease in Work-in-Progress	3	5.98		(78.71)
(c) Employees' Remuneration and Benefits	4	169.77		153.06
(d) Expenses of Manufacture, Administration & Selling	5	261.95		202.87
(e) Interest and Bank charges	6	34.24		68.01
(f) Deferred Revenue Expenditure Amortised	7	8.77		46.65
(g) Depreciation		109.54		164.04
			1,460.78	1,300.99
3 PROFIT BEFORE TAXATION			250.61	11.91
4 PROVISION FOR TAXATION			20.35	0.94
(includes provision for Rs. 1.08 lakh of previous years)				
5 PROFIT/(LOSS) AFTER TAXATION			230.26	10.97
6 LOSS BROUGHT FORWARD FROM PREVIOUS YEAR			(217.99)	(228.96)
7 BALANCE PROFIT/(LOSS) CARRIED TO BALANCE SHEET			12.27	(217.99)
Earning per share - Basic (See Note No. 9)		Rs.	57.57	2.74
Face Value per Share		Rs.	100.00	100.00

As per our Report attached For and on behalf of the Board

For K.S. Aiyar & Co. M.L.Narula Chairman
Chartered Accountants

N.H.Italia
N.Chadha } Directors

Ramakrishna Prabhu
Partner

Mumbai, April 27, 2004 J.N.Dhondy
Company Secretary Mumbai, April 27, 2004



SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE A - SHARE CAPITAL

AUTHORISED -

4,00,000 (Previous year 4,00,000)

Equity Shares of Rs. 100 each

ISSUED, SUBSCRIBED AND PAID UP -

4,00,000 (Previous year 4,00,000)

Equity Shares of Rs. 100 each fully paid up

(All the shares are held by The Associated Cement Cos. Ltd., the Holding Company and its Nominees)

	Rs. Lakh	Previous Year Rs. Lakh
	400.00	400.00
	400.00	400.00

SCHEDULE B - SECURED LOANS

Cash Credit - Punjab National Bank (Secured by Hypothecation of stocks of Raw Materials, Components, Stores and Spares, Stock - in - Progress and Finished Goods) - Guranteed by the Associated Cement Companies Ltd., the Holding Company

TOTAL

	Rs. Lakh	Previous Year Rs. Lakh
	138.43	49.59
	138.43	49.59

SCHEDULE C - UNSECURED LOANS

- The Associated Cement Cos. Limited
(The Holding Company)
- Sales Tax Deferral Loan (See Note No. 5)

TOTAL

	Rs. Lakh	Previous Year Rs. Lakh
	125.00	430.00
	75.47	53.77
	200.47	483.77

SCHEDULE D - FIXED ASSETS

A	ASSETS	GROSS BLOCK AT COST			DEPRECIATION				NET BLOCK		
		AS AT 31.03.03	ADDITIONS	DISPOSALS	AS AT 31.03.04	UPTO 31.03.03	FOR THE YEAR	ON DISPO- SALS	AS AT 31.03.04	AS AT 31.03.04	AS AT 31.03.03
		Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
1	BUILDINGS *	51.51	-	-	51.51	2.47	0.84	-	3.31	48.20	49.04
2	PLANT AND MACHINERY*	1,271.99	2.99	-	1,274.98	690.12	75.60	-	765.72	509.26	581.87
3	LICENSE RIGHTS	692.08	-	-	692.08	629.47	27.30	-	656.77	35.31	62.61
4	FURNITURE & FIXTURES	30.06	-	-	30.06	17.19	1.42	-	18.61	11.45	12.87
5	OFFICE EQUIPMENTS***	50.30	3.84	0.57	53.57	36.44	2.41	0.18	38.67	14.90	13.86
6	MOTOR VEHICLES**	23.27	-	-	23.27	15.64	1.97	-	17.61	5.66	7.63
	TOTAL	2,119.21	6.83	0.57	2,125.47	1,391.33	109.54	0.18	1,500.69	624.78	727.88
	PREVIOUS YEAR	2,127.93	25.74	34.46	2,119.21	1,258.56	164.04	31.27	1,391.33	727.88	
B	CAPITAL WORK-IN-PROGRESS AND UNALLOCATED CAPITAL EXPENDITURE										1.48
	* Built on lease hold land which belongs to The Associated Cement Cos. Ltd. (The Holding Company)										
	** Includes 2 vehicles pending registration in the Company's name.										
	*** Includes previous years depreciation amounting to Rs. 0.10 lakh										

SCHEDULE E - INVENTORIES - At cost

(As certified by the Management)

- Raw Materials (net of provisions - Rs. 12.22 lakh -
Previous year Rs. 12.22 lakh)
- General Stores in hand and Loose Tools
- Material in Transit
- Work-in-progress

TOTAL

	Rs. Lakh	Previous Year Rs. Lakh
	177.97	181.75
	8.86	10.02
	6.66	23.22
	172.20	178.18
	365.69	393.17

SCHEDULE F - SUNDRY DEBTORS

UNSECURED, CONSIDERED GOOD -

- More than Six months (includes amounts due from The ACC Ltd. the Holding Company Rs. 6.74 lakh - previous year Rs. 8.38 lakh)
- Less: Provision for bad and doubtful debts

- Others (includes amounts due from The ACC Ltd.- the Holding Company Rs. 0.67 lakh - previous year Rs. 15.84 lakh)

TOTAL

	Rs. Lakh	Rs. Lakh	Previous Year Rs. Lakh
	117.47		39.12
	1.19		27.43
		116.28	11.69
		92.23	50.26
	208.51		61.95

SCHEDULE G- CASH AND BANK BALANCES

- Cash
- Balance with Scheduled banks -
In Current Accounts
- Funds in Transit
- Fixed Deposits

TOTAL

	Rs. Lakh	Previous Year Rs. Lakh
	0.32	0.20
	13.70	3.28
	3.48	5.38
	2.92	3.14
	20.42	12.00

SCHEDULE H- LOANS AND ADVANCES

(Unsecured Considered Good - Unless otherwise stated)

- Advances Recoverable in Cash or in Kind or for value to be received
- Less: Provision for doubtful advances
- Deposits
- Balance with Excise Authorities
- Advance Income Tax (Net of provisions Rs. 43.69 lakh - Previous year Rs. 87.42 lakh)

TOTAL

	Rs. Lakh	Rs. Lakh	Previous Year Rs. Lakh
	62.28		72.82
	6.55		6.29
		55.73	66.53
		25.68	33.44
		19.01	2.46
		17.66	30.14
	118.08		132.57

SCHEDULE I - CURRENT LIABILITIES

- Sundry Creditors for Goods supplied (See Note No. 8)
- Advance received against orders (includes amounts received from The ACC Ltd. the Holding Company Rs. 11.60 lakh - Previous year Rs. 0.99 lakh)
- Other Liabilities (includes amount due to The ACC Ltd. the Holding Company Rs. 7.43 lakh - previous year Rs. 34.25 lakh)

TOTAL

	Rs. Lakh	Previous Year Rs. Lakh
	131.17	193.76
	245.28	302.85
	200.35	117.35
	576.80	613.96

SCHEDULE J- PROVISIONS

Provision for Leave Encashment

	Previous Year
Rs. Lakh	Rs. Lakh
20.86	19.84

SCHEDULE K- MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Deferred Revenue Expenditure

1 Fees for Product related Technical Know-how and Technical Assistance

2 Employee Severance Cost

Less : Amortised

TOTAL

	Rs. Lakh	Rs. Lakh	Previous Year
			Rs. Lakh
1	20.12		35.72
2	-		31.05
		20.12	66.77
		8.77	46.65
		11.35	20.12

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 1- MISCELLANEOUS INCOME

(a) Interest - Bank Deposit & Others

(b) Bad debt recover

(c) Sales Tax refund

(d) Profit on Sale of Assets

(e) Credit Balance Written Back

(f) Excess Provision / Liabilities written back

(g) Gain on Prepayment of Sales tax deferral (See Note no. 5)

(h) Difference in Exchange on Imports

(i) Other Income

TOTAL

	Rs. Lakh	Previous Year
		Rs. Lakh
(a)	4.50	1.34
(b)	-	0.04
(c)	-	4.20
(d)	-	0.11
(e)	5.97	-
(f)	69.88	-
(g)	37.01	120.77
(h)	0.36	-
(i)	14.62	6.38
	132.34	132.84

SCHEDULE 2- RAW MATERIALS, BOUGHT-OUTS, STORES AND SPARES, ETC.

(a) Raw materials & boughtouts consumed

(b) Stores, Spares and Loose Tools Consumed

TOTAL

	Rs. Lakh	Previous Year
		Rs. Lakh
(a)	864.63	743.15
(b)	5.90	1.92
	870.53	745.07

SCHEDULE 3- (INCREASE)/DECREASE IN WORK-IN-PROGRESS

Work-in-Progress as at 01.04.2003

Less: Work-in-Progress as at 31.03.2004

TOTAL

	Rs. Lakh	Previous Year
		Rs. Lakh
	178.18	99.47
	(172.20)	(178.18)
	5.98	(78.71)

SCHEDULE 4- EMPLOYEES' REMUNERATION AND BENEFITS

(a) Salaries, Wages, Bonus and Allowances

(b) Contribution to Provident and other funds

(c) Welfare Expenses

TOTAL

	Rs. Lakh	Previous Year
		Rs. Lakh
(a)	144.86	123.64
(b)	20.85	21.55
(c)	4.06	7.87
	169.77	153.06

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 5- EXPENSES OF MANUFACTURE, ADMINISTRATION AND SELLING

	Rs. Lakh	Rs. Lakh	Previous Year
			Rs. Lakh
(a) Excise Duties		3.88	2.57
(b) Power		17.35	19.18
(c) Repairs			
(i) Building	0.19		-
(ii) Machinery	1.02		0.28
(iii) Others	6.17		4.94
		7.38	5.22
(d) Rent, Rates and Taxes		17.15	15.99
(e) Insurance		4.40	5.00
(f) Legal and Professional Charges		7.46	11.08
(g) Auditors Remuneration			
(i) Audit Fees	1.57		1.21
(ii) For Tax audit	0.20		0.20
(iii) For other services	0.19		0.41
(iv) Reimbursement of expenses	0.29		0.42
		2.25	2.24
(h) Travelling and Conveyance		18.23	19.21
(i) Engineering Fees & Service charges		14.11	6.37
(j) Royalty		9.36	20.87
(k) Loss on Sale of Assets		0.34	0.25
(l) Provision for Bad and Doubtful Debts/ Advances		1.45	25.05
(m) Provision for Obsolete inventory		-	12.22
(n) Provision for Sales Tax		75.42	-
(o) Contractual deductions (including provision against claims) ..		53.18	23.20
(p) Difference in Exchange on Exports		0.08	3.79
(q) Other expenses (comprising Postage, Printing & Stationery, Entertainment expenses, etc)		29.91	30.63
		261.95	202.87

SCHEDULE 6- INTEREST AND BANK CHARGES

(a) Bank charges

(b) Interest

 (i) Banks

 (ii) Others

TOTAL

	Rs. Lakh	Previous Year
		Rs. Lakh
(a)	4.54	11.33
(b)		
(i)	7.41	7.78
(ii)	22.29	48.90
	34.24	68.01

SCHEDULE 7 - DEFERRED REVENUE EXPENDITURE AMORTISED

1 Fees for Product related Technical Know-how and Technical Assistance

2 Employee Severance Cost

TOTAL

	Rs. Lakh	Previous Year
		Rs. Lakh
1	8.77	15.60
2	-	31.05
	8.77	46.65

SCHEDULE L - NOTES ON ACCOUNTS

1.0 SIGNIFICANT ACCOUNTING POLICIES

- 1.1 Sale of Products and Services
 - (i) Sales are accounted on despatch of products and are stated net of returns.
 - (ii) Income from consultancy and other services rendered is accounted for as per terms of contract.
 - (iii) Income from Erection Contracts is accounted on the basis of stage completion of the contracts.

1.2 Excise duty

Excise duties recovered are included in the gross sale of products and shown as deduction therefrom.

1.3 Accounting of Claims

- Claims receivables are accounted at the time of lodgment depending on the certainty of receipt and claims payable is accounted at the time of acceptance.
- Claims raised by Government authorities regarding taxes and duties, which are disputed by the Company, are accounted based on legality of each claim. Adjustments if any are made in the year in which disputes are finally settled.

1.4 Retirement Benefits

Company's contribution paid / payable during the year to Provident Fund, Officers' Superannuation Fund and Gratuity Fund are charged to Profit and Loss Account.

Provision on account of leave encashment is done on actual basis.

1.5 Fixed Assets, Depreciation and Amortisation

- All fixed assets are stated at cost of acquisition or construction.
- Proportionate fees paid in respect of technical know-how pertaining to plant and designs of plant and machinery are capitalised as a part of plant and machinery and depreciated accordingly.
- Depreciation is provided on the Straight Line Method in respect of assets at Butibori unit and on Written Down Value method for other assets transferred from Kalwe and Madukkarai units at the rates prescribed in Schedule XIV of the Companies Act, 1956.
- License Rights for the Company's products and Trade Marks are amortized over a period of sixty months from the date of commercial production.

1.6 Investments

Short-term investments are stated at cost or market value whichever is lower and income thereon is accounted on accrual basis.

1.7 Inventories

- Raw materials, Stores and spares and Work-in-Progress are valued at cost, excluding bank charges on imported spares. Costs are determined on the basis of weighted average of Raw Material cost, Direct Labour and Factory Overheads.
- Work-in-progress in respect of Erection Contracts is valued at contract rates.

1.8 Foreign Currency Transactions

Foreign currency assets and liabilities are stated at the rates ruling at the year-end and at the contract rate where forward exchange contracts are entered into. Exchange differences relating to Foreign Exchange Loans taken for acquisition of Fixed Assets are adjusted in the cost of the Assets. Any other exchange differences are dealt with in the Profit and Loss account.

1.9 Taxation

Income tax expense comprises current tax and deferred tax charge or credit. The deferred tax charge or credit is recognised using current tax rates. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets / liabilities are reviewed as at each Balance Sheet date based on developments during the year and available case law, to re-assess realisation / liabilities.

1.10 Deferred Revenue Expenditure

Fees paid towards product related Technical Know-how and Technical Assistance are deferred and amortised over a period of five years from the date of commencement of commercial production of the respective product.

Severance cost to Employees arising out of the discontinuance of Kalwe unit are deferred and amortised over a period of sixty months.

- The Company has been sanctioned a facility of foreign letter of credit cum guarantee of Rs. 200 Lakh (*Previous period Rs. 500 lakh*) and Cash Credit facility of Rs. 175 lakh (*Previous period Rs. 200 lakh*) by Punjab National Bank which is fully secured by counter

guarantee of The Associated Cement Companies Limited (Holding Company).

3. Contingent Liabilities.

2003-2004 2002-2003
Rs. lakh Rs. lakh

- In respect of guarantees executed by bank on behalf of the Company. 91.63 145.34
- In respect of demand raised by central excise / sales tax authorities against the Company, the Company has filed appeal against the demand with appellate authorities and in respect of undertakings given by the company. 129.60 56.53
- In respect of demand raised by income tax authorities adjusted against refunds of other assessment years and for which the company has filed an appeal. 2.54 9.38

- The benefit of credit against the payment made towards Minimum Alternate Tax for the earlier years is available in accordance with the provision of Section 115JAA over a period of subsequent five assessment years and the same will be accounted for when actually availed.

5. Sales-Tax Deferral

In terms of the eligibility certificate for new units for sales tax incentives under Part-I of 1993 Scheme as notified under Government of Maharashtra resolution No. IDL\1093\8889\IND 8 dated 07/05/93, the company has been accorded the benefit of sales-tax deferral by SICOM Ltd. in respect of MST and CST. The Government vide notification No.STR-12.02/CR-102/Taxation-1, dated 16-11-2002, has now extended the benefit of premature repayment of the amount of deferral benefit granted to the eligible units at net present value. The Company has availed the same by paying Rs. 16.76 lakh (*Previous year Rs. 62.66 Lakh*) against its cumulative deferral benefit of Rs. 53.77 lakh as at March 31, 2003 (*Previous year Rs. 183.44 Lakh*) based on returned figures, which has resulted in a gain of Rs. 37.01 lakh during the year (*Previous year Rs. 120.77 Lakh*). The company has availed a further deferral benefit of Rs. 75.47 lakh for the year 2003-2004 (*Previous year Rs. 53.77 Lakh*) which has been grouped under unsecured loans.

6. Related Party Disclosures:

- Particulars of Related Parties which control or are under common control with the Company:

Name of the Related Party	Nature of Relationship
The Associated Cement Companies Limited	Holding Company
ACC Nihon Castings Limited	Fellow Subsidiary
Damodhar Cement and Slag Limited	Fellow Subsidiary
Cement Marketing Company of India Limited	Fellow Subsidiary
Bulk Cement Corporation (India) Limited	Fellow Subsidiary
Everest Industries Limited (Formerly Eternit Everest Limited)	Fellow Subsidiary
Bargarh Cement Limited (Formerly IDCOL Cement Limited)	Fellow Subsidiary from December, 2003
Almatis ACC Limited (Formerly Alcoa ACC Industrial Chemicals Limited)	Associate of the Holding Company
International Ferrites Limited	Associate of the Holding Company upto November 2002
ACC RIO Tinto Exploration Limited	Associate of the Holding Company upto December 2002

B. Key Management Personnel

Name of the Related Party	Nature of Relationship
Mr. S.N.Malhotra	President

C. Transactions with Related Parties with Holding / Fellow Subsidiary Companies.

	Holding Company Previous Year		Fellow Subsidiary Previous Year	
	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
(i) Purchase of Finished/Unfinished goods	-	-	20.85	41.15
(ii) Sale of Finished/Unfinished goods	91.44	78.21	11.57	2.29
(iii) Reimbursement of expenses/cost of material / stores by the Company	7.79	-	-	-
(iv) Reimbursement of expenses/cost of material / stores to the Company	2.94	-	2.23	-
(v) Rendering of Services	0.14	-	10.04	3.17
(vi) Receiving of Services	1.05	-	9.57	5.66
(vii) Sale of Fixed Assets		2.81	-	-
(viii) Interest on Inter Corporate Deposit paid during the year	20.77	45.42	-	-
(ix) Outstanding balance included in Current Assets (Refer Note on Schedule F)	7.41	24.22	-	-
(x) Outstanding balance included in Current Liabilities (Refer Note on Schedule I)	19.03	35.24	68.12	22.19
(xi) Inter Corporate Deposits liquidated during the year	725.00	350.00	-	-
(xii) Inter Corporate Deposits received and repaid during the year	420.00	280.00	-	-
(xiii) Conversion of Inter corporate Deposit into Equity during the year	-	-	-	-
(xiv) Inter Corporate Deposits at the end of the year 125.00	430.00	-	-	-
(xv) Bank Guarantees/ Collateral Securities/ Indemnities outstanding at the end of the year.	700.00	700.00	-	-
D Details of Closing Inventory acquired from ACC Nihon Castings Limited				
Raw Materials				
Quantity (Tonnes)		5.211	6.355	
Rs. Lakh		5.47	8.13	

E Details of Transactions relating to person referred to in item (B) above

	Unit of Measurement	Value of Transaction Previous Year
(i) Remuneration	Rs. Lakh	9.41 7.61
(ii) Rent Deposit for Residential flat leased to company	Rs. Lakh	0.96 0.96
(iii) Rent on Lease of residential flat	Rs. Lakh	2.11 2.02

7. Deferred Tax: The Company has unabsorbed depreciation and carried forward losses available for set-off under the Income Tax Act, 1961. However, in view of present uncertainty regarding generation of sufficient future taxable income, net deferred tax assets at the year end including related credit for the year have not been recognised in these accounts on prudent basis.

8. There are no Small Scale Industries to whom the Company owes a sum exceeding Rs. 1 lakh, which is outstanding for more than 30 days at the Balance Sheet date. The above information and that given in Schedule-I "Current Liabilities" regarding Small Scale Industrial Undertaking has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

9. Earning per Share:

	March 31, 2004	March 31, 2003
	Rs. Lakh	Rs. Lakh
a. Profit / (Loss) as per Profit and Loss Account to be borne by Equity Shareholders	230.26	10.97
b. Reconciliation for number of Shares(Basic) used for calculating the earning per share of Rs. 100/- each.		

	2003-2004			2002-2003		
	Nos.	Days	Wt.Avg.	Nos.	Days	Wt.Avg.
Opening	400000	366	400000	400000	365	400000
Issued during the year				-		-
	400000		400000	400000		400000

	2003-2004	2002-2003
	Rupees	Rupees
c. Earnings per Share (Weighted Average) Basic	57.57	2.74

(There are no diluted equity shares and hence no working for diluted earning per share).

10. Previous year's figures have been regrouped wherever necessary.

11. Additional information pursuant to the provisions of paragraphs 3 and 4 of the Part II of Schedule VI to The Companies Act, 1956.

I TURNOVER —

	2003-2004			2002-2003		
	Quantity	Value	Quantity	Value	Quantity	Value
	Nos.	Rs.Lakh	Nos.	Rs.Lakh	Nos.	Rs.Lakh
1 Tyre Machinery	8	127.46	6	291.32		
2 Bulk Transporter	60	198.87	87	290.58		
3 Blowers	19	68.48	18	39.37		
4 Erection, other fabrication, boughtouts, spares etc.		1401.87		675.61		
TOTAL		1796.68		1296.88		

II RAW MATERIALS CONSUMED —

	2003-2004			2002-2003		
	Quantity	Value	Quantity	Value	Quantity	Value
	Tonnes	Rs.Lakh	Tonnes	Rs.Lakh	Tonnes	Rs.Lakh
1 Steel Sheets	193.34	44.04	82.03	14.81		
2 Others		820.59		728.34		
TOTAL		864.63		743.15		

III LICENCED CAPACITY AND INSTALLED CAPACITY* —

	Installed Capacity		
	2003-2004	2002-2003	
	Nos.	Nos.	
1 Collapsible Drums			
2 Tyre Building Machines			
3 Tyre Curing Presses	231	231	
4 Tube Curing Presses			
5 Brake Assemblies			
6 Bladder Presses			
7 Bulk Transporters	150	150	
8 Three Lobe Blowers	150	150	

* Licensed Capacity per annum not indicated due to abolition of Industrial Licence as per Notification No. 477 (E) dated July 25, 1991 issued under the Industrial (Development & Regulation) Act, 1951.

IV PARTICULARS IN RESPECT OF GOODS MANUFACTURED / TRADED

	2003-04	2002-03	Opening Stock (Finished Goods)		Closing Stock (Finished Goods)	
	Qty.	Qty.	Qty.	Value	Qty.	Value
1 Tyre Machineries	8	6	—	—	—	—
2 Bulk Transporters	60	87	—	—	—	—
3 Blowers	19	18	—	—	—	—

V EXPENDITURE IN FOREIGN CURRENCY DURING THE YEAR —

	2003-2004 Rs. Lakh	2002-2003 Rs. Lakh
1 Technical Know-how / Technical Fees/Supervision Fees	2.90	11.87
2 Royalty	10.39	28.53
3 Advance for Purchase	3.15	-
4 Others	1.72	2.99

VI VALUE OF IMPORTS CALCULATED ON CIF BASIS —

	2003-2004 Rs. Lakh	2002-2003 Rs. Lakh
1 Raw Materials	234.20	138.76

VII VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, STORES AND SPARE PARTS CONSUMED DURING THE YEAR —

	RAW MATERIALS				GENERAL STORES AND LOOSE TOOLS			
	2003-04 Rs. Lakh	%	2002-03 Rs. Lakh	%	2003-04 Rs. Lakh	%	2002-03 Rs. Lakh	%
1 Imported	240.86	27.86	143.04	19.25	—	—	—	—
2 Indigenous	623.77	72.14	600.11	80.75	5.90	100.00	1.92	100.00
	<u>864.63</u>	<u>100.00</u>	<u>743.15</u>	<u>100.00</u>	<u>5.90</u>	<u>100.00</u>	<u>1.92</u>	<u>100.00</u>

VIII VALUE OF EXPORTS —

Exports on F.O.B. Basis Rs. 7.15 Lakh (Previous year Rs. 0.20 Lakh)

Signatures to Schedules A to L and 1 to 7
As per our Report attached

For K.S. Aiyar & Co.
Chartered Accountants

Ramakrishna Prabhu
Partner

Mumbai, April 27, 2004

J.N. Dhondy
Company Secretary

For and on behalf of the Board

M.L.Narula Chairman

N.H.Italia
N.Chadha } Directors

Additional information Pursuant to Part IV of Schedule VI to the Companies Act, 1956.
Balance Sheet Abstract and Company's General Business Profile

I. REGISTRATION DETAILS

Registration No. State Code

Balance Sheet Date
Date Month Year

II. CAPITAL RAISED DURING THE YEAR (Amounts in Rs. Lakh)

Public Issue

Bonus Issue

Rights Issue

Private Placement

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS
(Amount in Rs. Lakh)**

Total Liabilities

SOURCES OF FUNDS

Paid-up Capital (Including Share Application Money)

Secured Loans

APPLICATION OF FUNDS

Net Fixed Assets

Net Current Assets

Accumulated Losses

Total Assets

Reserves & Surplus

Unsecured Loans

Investments

Misc. Expenditure

IV. PERFORMANCE OF COMPANY (Amounts in Rs. Lakh)

Turnover

Profit/(Loss) Before Tax

Earning per Share (in Rs.)

Total Expenditure

Profit/(Loss) After Tax

Dividend Rate (%)

**V. GENERIC NAME OF PRINCIPAL PRODUCT OF THE COMPANY
(AS PER MONETARY TERMS)**

Item Code No. (ITC Code)

Product Description