



ACC-Nihon Castings Limited

DIRECTORS' REPORT

TO THE MEMBERS OF
ACC-NIHON CASTINGS LIMITED

Your Directors have pleasure in presenting the Twelfth Annual Report on the business and operations of your Company together with the Audited Financial Accounts for the year ended 31st March, 2004.

1. FINANCIAL RESULTS

	2003-2004 Rs.Lakh	2002-2003 Rs.Lakh
Sale of products and other income	2450	2269
Operating Expenditure	2245	1713
Profit/(Loss) before Interest & Depreciation	205	556
Interest	182	197
Profit/(Loss) before depreciation	23	359
Depreciation	195	196
Net profit/(Loss)	(172)	163

2.0 OPERATIONS

2.1 While there was a 12.9 % increase in sales volumes and 20.4 % increase in sales realisation over the previous year, profit could not be sustained due to steep rise in the price of raw materials, most of which could not be offset with the corresponding rise in prices of products.

2.2 PRODUCTION

Production during the financial year 2003-2004 was 3113 Mts. as compared to 2837 Mts. during the previous year.

2.3 SALES

3026 Mts. of products valued at Rs. 2238.53 lakhs were sold during the year compared to 2681 Mts. valued at Rs. 1859.78 lakhs in the previous year.

2.4 EXPORTS

The export turnover for the year was Rs.979 lakhs (F.O.B. Value) as compared to Rs.616 lakhs in the previous year, representing 40% of the total sales.

3 PRODUCT DEVELOPMENT

ANCL has developed several additional products with a potential to generate future orders.

4. INDUSTRIAL RELATIONS

Cordial industrial relations prevailed in the factory during the year.

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

As 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, the particulars in respect of conservation of energy, technology and foreign exchange earnings and outgo are set out in the Report as per Annexure-A.

6. PARTICULARS OF EMPLOYEES

The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed by the provisions of Section 217(2A) of the companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

7. 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.

8. PREFERENCE SHARES

The Company had issued to The Associated Cement Companies Limited (ACC), 60,00,000 10% Cumulative Redeemable Preference Shares of Rs. 10 each for cash at par, aggregating Rs. 6,00,00,000 (Rs. Six Crores) on 10th March, 1999 for a period of five years.

In view of the inadequacy of profits, the Company was not able to redeem the said Preference Shares and pay the accumulated dividend on the redemption date.

The Company intends to re-issue these Preference Shares for a further period of five years to ACC in respect of which ACC has given the consent for subscribing to the re-issue and agreed to waive the right of dividend on these Preference Shares.

The Company has filed a petition with the Company Law Board, Western Region Bench, Mumbai on 8th March, 2004 to obtain consent for the Re-issue of 10% Cumulative Redeemable Preference Shares and has also prayed for the waiver of the accrued cumulative dividend for a period of five years. As of date the petition has not come up for the hearing before the Company Law Board.

9. AUDITORS

M/s. A. F. Ferguson & Co., Chartered Accountants the existing Auditors have under Section 224(1B) of the Companies Act, 1956, furnished certificate of their eligibility for their re-appointment. The Members are requested to re-appoint them as Auditors of the Company for the year 2004-2005 on a remuneration to be decided by the Board of Directors.

10. DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the Annual accounts for the year ended 31st March, 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 Note 1 of the Notes to the Accounts have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2004, and of the Loss of the Company for the said period;
- 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 31st March, 2004, have been prepared on a going concern basis.

11 COMPLIANCE CERTIFICATE

A compliance certificate from T.R. Bhargava & Co. Company Secretary in whole-time practice is annexed to this report as Annexure - B.

12 ACKNOWLEDGEMENT

The Directors acknowledge with gratitude the co-operation and assistance provided by the Company's Customers, Bankers, Government Authorities and The Associated Cement Companies Limited for their continued and valuable support. The Directors also wish to place on record their appreciation for the dedicated services of all the Executives, Staff and Workmen of the Company during the year.

For and on behalf of the Board of Directors,

Mumbai, April 27, 2004

M.L.NARULA
CHAIRMAN

ANNEXURE – ‘A’ TO THE DIRECTORS’ REPORT

Statement pursuant to 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 for the year ended 31st March, 2004

A. CONSERVATION OF ENERGY

During the year electricity consumption per MT of castings has been 3183 units as compared to 2987 units in the previous year. This was due to changed product mix and higher quantum of development work undertaken.

FORM “A”

Form of Disclosures of Particulars with respect to Conservation of Energy Power and Fuel Consumption

	Current Year	Previous Year
1) Electricity		
a) Units purchased KWH	9910440	8473216
Total amount (Rs.)	35645141	31601583
Rate/Unit Rs. / KWH	3.60	3.73
2) Light Diesel Oil		
Units purchased (Ltrs.)	130450	121300
Total amount (Rs.)	2920278	2229083
Rate Rs. / Ltr.	22.39	18.38
3) Consumption / Unit of Production		
Product: Steel, Alloy & Cast Iron Castings		
Electricity (Units / MT)	3183	2987
Light Diesel Oil (Ltrs. / MT)	41.90	40.45
B. Foreign Exchange Earnings and Outgo		
Figures for foreign exchange earnings and outgo are furnished in items 12 and 13 of Notes on Accounts.		

For and on behalf of the Board,
M.L.NARULA
Chairman

Mumbai, April 27, 2004

ANNEXURE – ‘B’ TO THE DIRECTORS’ REPORT

The Members

ACC – Nihon Castings Limited

We have examined the registers, records, books and papers of ACC–Nihon Castings Limited as required to be maintained under the Companies Act, 1956 and the Rules made thereunder and also the provisions contained in the Memorandum and the Articles of Association of the Company for the financial year ended 31st March, 2004. In our opinion and to the best of information and according to the examinations carried out by us and explanation furnished to us by the Company, we certify that in the aforesaid financial year,

- The Company has kept and maintained all registers as stated in Annexure “A” to the certificate as per the provisions and the Rules made therein and all entries have been duly recorded.
- The Company has duly filled Forms and Returns as stated in Annexure “B” to the certificate to the Registrar of Companies within the time prescribed under the Act and the Rules made thereunder.
- The Board of Directors duly met five times on 24th April, 2003, 22nd September, 2003, 26th December, 2003, 13th January, 2004 and 17th February, 2004 in respect of which proper Notices were given and proceedings were properly recorded and signed.
- The Audit Committee of the Board of Directors met three times on 24th April, 2003, 26th December, 2003 and 17th February, 2004 in respect of which proper Notices were given and proceedings were properly recorded and signed.
- The Annual General Meeting for the financial year ended on 31st March, 2003 was held on 20th June, 2003 after giving due Notice to the Members of the Company and the resolutions passed therein were duly recorded in the Minute Book. An Extra – Ordinary General Meeting of the Members of the Company was held on 3rd March, 2004 and the resolution passed therein was duly recorded in the Minute Book.
- The Company duly complied with the provisions of Section 297 of the Act in respect of the contracts specified in that Section. The Company has made necessary entries in the registered Minutes under Section 301 of the Act.
- The Company has delivered all certificates on allotment and / or lodgment thereof for transfers, transmission or any other purpose in accordance with the provision of the Act.
- The Board of Directors of the Company is duly constituted and the

appointment of Directors has been duly made.

- The Directors have disclosed the interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the Rules made therein.
- The Company has not accepted any Fixed Deposits from employees or the public.
- The amount borrowed by the Company from Financial Institutions, Banks and Public Limited Companies (including Holding Company) are within the borrowing limits of the Company and the necessary resolution as per Section 293(1)(d) of the Act have been duly passed at the Annual General Meeting.
- The Company has not received any security deposits from the employees during the year under certification and the question of depositing the same under provisions of Section 417(1) of the Act does not arise.
- The Company has deposited both the employees’ and the employer’s contribution of the Provident Fund with the prescribed authority pursuant to Section 418 of the Act.
- The paid up Share Capital of the Company is Rs. 4593.24 Lakh and in accordance with the provisions of Section 383 (A) of the Companies Act, 1956 the Company is required to appoint a qualified Company Secretary. It was again explained to us that though the Company tried its best to get a qualified Company Secretary within the salary affordable by the Company they have not been able to do so. In fact, we were told that the Company has not engaged any employee at its Registered Office and all the work is being done by the staff of the Holding Company to whom no salary is paid. We have however, asked the Company to see that a qualified Secretary is appointed as soon as the cash flow position improves.
- The Appointment of Managing Director has been made in compliance of Section 269 read with the Schedule of the Act and the approval of the Central Government is not required for the same.

T. R. BHARDA & Co.

J. N. PANTHAKY

Company Secretary in Whole – Time Practice
Certificate of Practice No. 5044

Annexure “A”

- Register of Charges u/s 141
- Register of Members u/s 150
- Register of Debenture Holders u/s 152
- Register of Director’s Holding of shares and debentures u/s 307
- Register of Directors, Managing Director, Secretary etc., u/s 303
- Register of Loans etc., u/s 370
- Register of Investments u/s 372
- Register of Contracts, firms and Companies in which Director is interested u/s 301
- Register of Share Transfer u/s 108
- Register of Allotment of Shares u/s 72

Annexure “B”

Sr. No.	Details of Documents filed with ROC	U/s	Register of Companies Receipt No. & Date
1.	Form No. 25C Re-appointment and Remuneration of Managing Director.	269(2)	818743 : 28/05/2003
2.	Form No. 23 Agreement executed between the Company and the Managing Director with regard to his appointment.	192 (4) (d)	825872 : 1/07/2003
3.	Annual Return	159	826809 : 8/7/2003
4.	Form No. 32 Appointment of Directors at the Annual General Meeting.	303(2)	826813 : 8/7/2003
5.	Form No. 29 Consent to act as Director (Mr. P K Sinor, Mr. S N Malhotra and Mr. Naveen Chadha)	264(2) / 266 (1) (a)	827508 : 10/7/2003
6.	Form No. 23 Re-issue of Cumulative Redeemable Preference Shares	192	918829 : 12/03/2004
7.	Submitted a copy on 12 th March, 2004, of the petition filed before the Company Law Board Western Region Bench, Mumbai under the provisions of Section 80, 80A of the Companies Act, 1956.		

AUDITORS' REPORT

TO THE MEMBERS OF

ACC-NIHON CASTINGS LIMITED

1. We have audited the attached Balance Sheet of ACC-NIHON CASTINGS 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. *Attention is invited to note 3 on the Accounts which states that these accounts have been prepared on a going concern basis which is dependent on the continuing support of the Holding Company.*
5. Further to our comments in the Annexure referred to in paragraph (3) above, 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 the books;
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d) 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;
 - e) On the basis of the written representations received from the directors, as on 31st March, 2004, and taken on record by the Board of Directors, we report that none of the directors of the Company are 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.
 - f) 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:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004; and
 - ii) In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.

For A. F. Ferguson & Co.
Chartered Accountants

A. C. Khanna
Partner

Mumbai : April 27, 2004

Membership no. 17814

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) The Company has verified a portion of fixed assets during the year in accordance with its policy to verify all Fixed Assets over a period of three years. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its asset. No material discrepancies were noticed on such physical verification.
- (c) During the year, the Company has not disposed off any fixed assets, and hence question of affecting the going concern status of the Company does not arise.
- (ii) (a) The inventories have been physically verified during the year by the management (except for items lying with third parties for which confirmations have been received). In our opinion, the frequency of verification is reasonable.
- (b) 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 explanation given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and book stocks were not material and have been properly dealt with in the books of account.
- (iii) (a) The Company has not taken/granted any loans, secured or unsecured from / to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clauses (b), (c) and (d) 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, no major weakness has been noticed in the internal controls.
- (v) In our opinion, and according to the information and explanations given to us, the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
Sub-clause (b) is not applicable.
- (vi) The Company has not accepted any deposits from the public to which the provisions of Sections 58A and 58AA 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) We are informed that the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the products of the Company.
- (ix) (a) According to the records of the Company, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Custom Duty, Excise duty, cess and other material statutory dues applicable to it have been generally regularly deposited during the year with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at 31st March, 2004 for a period of more than six months from the date on which they became payable.

(b) According to the records of the Company, sales tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute are given below:

Name of Statute (Nature of dues)	Period to which the amount relates	Amounts involved (dues to the extent not deposited)(Rs.)	Forum where dispute is pending
Sales Tax (Tax)	1998-1999	16,34,265.00	Sales-tax Tribunal, Mumbai
Sales Tax (Tax)	1999-2000	59,26,485.00	Deputy Commissioner of Sales-tax (Appeal), Nagpur

(x) As on 31st March, 2004, the accumulated losses of the Company are more than fifty percent of its net worth. The Company has not incurred cash loss during the financial year covered by our audit and the immediately preceding financial year.

(xi) In our opinion, and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution, bank 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) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) The Company has not borrowed any money on term loan.

(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 the Company had long term sources of funds amounting to Rs. 1932 Lakh and the long-term application of funds was Rs. 3145 Lakh. Hence funds raised on short term basis have been used for long term investments amounting to Rs. 1213 Lakh.

(xviii) According to the information and explanations given to us, 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) The Company has not issued any debentures during the year.

(xx) During the year, the Company has not raised any money by public issue.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit

For A.F.Ferguson & Co.
Chartered Accountants

A.C.Khanna
Partner

Mumbai, April 27, 2004

Membership No. 17814

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	1	4,593.24		4,593.24
(b) Reserves and surplus	2	30.00		30.00
			4,623.24	4,623.24
2. LOAN FUNDS				
(a) Secured loans	3	310.90		209.13
(b) Unsecured loans	4	2,239.17		1,928.49
			2,550.07	2,137.62
TOTAL			7,173.31	6,760.86
II. APPLICATION OF FUNDS :				
1. FIXED ASSETS	5			
(a) Gross block		3,143.42		3,097.56
(b) Less : Depreciation		1,821.53		1,626.12
(c) Net block		1,321.89		1,471.44
(d) Capital work-in-progress and capital advances		1.78		2.81
			1,323.67	1,474.25
2. INVESTMENTS	6		0.15	0.15
3. CURRENT ASSETS, LOANS AND ADVANCES				
a) Interest accrued on investments		0.14		0.14
b) Inventories	7	1,261.33		795.54
c) Sundry debtors	8	743.45		593.32
d) Cash and bank balances	9	51.88		47.48
e) Loans and advances	10	289.86		168.58
		2,346.66		1,605.06
4. LESS: CURRENT LIABILITIES AND PROVISIONS				
(a) Current liabilities	11	976.07		705.73
(b) Provisions	12	33.54		27.62
		1,009.61		733.35
5. NET CURRENT ASSETS			1,337.05	871.71
6. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)				
Product development expenses ..		63.85		116.22
Preliminary expenses		-		1.13
Share Issue expenses		6.56		8.01
Early retirement scheme compensation		39.19		58.79
			109.60	184.15
7. PROFIT AND LOSS ACCOUNT .			4,402.84	4,230.60
TOTAL			7,173.31	6,760.86
8. NOTES ON ACCOUNTS	13			

Per our Report attached
For A. F. FERGUSON & CO.
Chartered Accountants

A. C. Khanna
Partner

Mumbai, April 27, 2004

For and on behalf of the Board,
M.L.Narula Chairman
P. K. Sinor
N.H.Italia } Directors

S. N. Malhotra
Managing Director

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

	Schedules	Rs. Lakh	Rs. Lakh	Previous Year Rs. Lakh
INCOME :				
1. Turnover (gross)		2,435.79		2,056.50
Less:- Excise Duty		197.26		196.72
Turnover (net)			2,238.53	1,859.78
2. Other Income	A		211.58	409.65
			2,450.11	2,269.43
EXPENDITURE :				
3. Manufacturing and other expenses ...	B	2,440.60		1,893.81
4. Reduction/(Accretion)to finished stocks and work in progress added/(deducted)	C	(195.65)		(180.87)
5. Depreciation		195.41		195.58
6. Interest	D	181.99		197.15
			2,622.35	2,105.67
PROFIT / (LOSS) FOR THE YEAR			(172.24)	163.76
(LOSS) BROUGHT FORWARD FROM PREVIOUS YEAR			(4,230.60)	(4,394.36)
BALANCE CARRIED TO BALANCE SHEET			(4,402.84)	(4,230.60)
Earning per share - Basic and Diluted	Rs.		(0.58)	(0.26)
Face Value of Share	Rs.		10	10
Profit/(Loss) to Equity Shareholders (See Note 9)	Rs. Lakh		(232.24)	(103.76)
Number of shares used in computing earning per share			39,932,384	39,932,384
6. NOTES ON ACCOUNTS	13			

Per our Report attached
For A. F. FERGUSON & CO.
Chartered Accountants

A. C. Khanna
Partner

Mumbai, April 27, 2004

For and on behalf of the Board,
M.L.Narula Chairman
P. K. Sinor
N.H.Italia } Directors

S. N. Malhotra
Managing Director

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE A - OTHER INCOME

	Rs. Lakh	Rs. Lakh	Previous Year Rs. Lakh
1. Other Income			
a. Bank and other interest (inclusive of tax deducted at source Rs. 0.32 Lakh - Previous year Rs.0.34 Lakh)		2.17	2.75
b. Miscellaneous Income		142.39	94.69
c. Surplus on Prepayment of Sales tax Deferral		47.42	299.72
d. Sundry balances written back		19.60	12.49
TOTAL		211.58	409.65

SCHEDULE B - MANUFACTURING AND OTHER EXPENSES

	Rs. Lakh	Rs. Lakh	Previous Year Rs. Lakh
1. Raw materials consumed		987.43	616.72
2. Stores and spares consumed		390.90	294.22
3. Payments to and provisions for employees			
a. Salaries, wages and dearness allowance	151.49		133.39
b. Contributions to provident and other funds	10.21		14.62
c. Provision for Gratuity	5.81		5.39
d. Workmen and staff welfare expenses	7.75		7.63
		175.26	161.03
4. Operation and other expenses			
Purchase of power and fuel	356.45		309.02
Repairs and maintenance - Building	0.40		0.34
Repairs and maintenance - Plant and Machinery	12.72		3.03
Repairs and maintenance - Others	0.71		0.97
Rent	2.81		1.81
Rates and taxes	2.61		2.45
Insurance	6.42		6.04
Travelling and conveyance	19.54		14.91
Early Retirement Scheme		19.60	19.63
Compensation written off		205.82	175.56
Sub-contract charges			
Preliminary/Share issue expenses written off	2.58		2.58
Product development expenses written off	52.37		52.37
LD & Other Charges	21.36		26.67
Freight and forwarding expenses	82.39		70.83
Sundry Creditors - Advance written off	—		4.13
Sales Tax	—		44.13
Bank Charges	28.42		15.33
Other expenses	29.76		45.91
Auditors' remuneration:			
a. Audit Fees	1.62		1.57
b. Fees for taxation matters	0.54		0.42
c. Reimbursement of Expenses	0.93		0.87
Sales Commission	16.11		4.35
Exchange loss	8.68		0.67
		871.84	803.59
5. Excise Duties		15.17	18.25
TOTAL		2440.60	1893.81

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE C - REDUCTION (ACCRETION) TO FINISHED GOODS AND WORK-IN-PROGRESS ADDED (DEDUCTED)

	Rs. Lakh	Rs. Lakh	Previous Year Rs. Lakh
Stock as on March 31, 2004			
(i) Work-in-progress	431.29		296.23
(ii) Finished Goods	239.65		179.06
TOTAL		670.94*	475.29*
Less: Stock as on April 1, 2003			
(i) Work-in-progress	296.23		206.11
(ii) Finished Goods	179.06		88.31
TOTAL		475.29	294.42
		(195.65)	(180.87)

* Net of write down to net realisable value Rs. 8.62 Lakh - (Previous Year Rs. 11.03 Lakh) and Loss on remelting Rs. Nil Lakh (Previous Year Rs. 20.14 Lakh)

SCHEDULE D - INTEREST

	Rs. Lakh	Rs. Lakh	Previous Year Rs. Lakh
a. Fixed period loans		—	24.25
b. Others		181.99	172.90
TOTAL		181.99	197.15

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - 1 SHARE CAPITAL

AUTHORISED-	
4,10,00,000 Equity Shares of Rs.10 each	
60,00,000 Preference Shares of Rs.10 each	
TOTAL	
ISSUED, SUBSCRIBED AND PAID UP	
3,99,32,384 Equity Shares of Rs..10 each fully paid up ..	
60,00,000 10% Cumulative Redeemable fully paid up Preference Shares of Rs.10 each	
TOTAL	

Rs. Lakh	Previous Year Rs. Lakh
4,100.00	4,100.00
600.00	600.00
4,700.00	4,700.00
3,993.24	3,993.24
600.00	600.00
4593.24	4593.24

The Associated Cement Companies Ltd.(ACC)., the Holding Company and its nominees hold 3,99,32,384 Equity Shares. ACC also holds 60,00,000 10% Cumulative Redeemable Preference Shares. The Preference shares were due for redemption on 9th March, 2004.

The Company intends to re-issue these preference shares for a further period of five years to ACC in respect of which ACC has given the consent for subscribing to the re-issue and agreed to waive the right of dividend on these preference shares. The Company has filed a petition with the Company Law Board, Western Region Bench, Mumbai on 8th March, 2004 to obtain consent for the Re-issue of 10% Cumulative Redeemable Preference Shares and has also prayed for the waiver of the accrued cumulative dividend for a period of five years. As of date the petition has not come up for the hearing before the Company Law Board.

SCHEDULE - 2 RESERVES AND SURPLUS

CAPITAL RESERVE	
Special Capital Incentive	
TOTAL	

Rs. Lakh	Previous Year Rs. Lakh
30.00	30.00
30.00	30.00

SCHEDULE - 3 SECURED LOANS

Amounts drawn against cash credit accounts with State Bank of India secured by hypothecation of stocks, stores and book debts and by a second charge on the fixed assets of the Company situated at Butibori Industrial Area

Rs. Lakh	Previous Year Rs. Lakh
310.90	209.13
310.90	209.13

SCHEDULE - 4 UNSECURED LOANS

The Associated Cement Companies Ltd.	
Sales tax deferral loan	
TOTAL	

Rs. Lakh	Previous Year Rs. Lakh
2,238.00	1888.00
1.17	40.49
2,239.17	1928.49

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - 5 FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at March 31, 2003	Additions during the year	Cost as at March 31, 2004	As at March 31, 2003	For the year	As at March 31, 2004	As at March 31, 2004	As at March 31, 2003
	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
Leasehold Land	57.43	—	57.43	5.35	0.61	5.96	51.47	52.08
Buildings	444.51	—	444.51	120.43	13.67	134.10	310.41	324.08
Plant and Machinery	2513.78	43.29	2557.07	1438.92	176.35	1615.27	941.80	1074.86
Furniture, fixtures & office equipment	75.71	2.57	78.28	55.43	4.65	60.08	18.20	20.28
Vehicles	6.13	—	6.13	5.99	0.13	6.12	0.01	0.14
Total	3097.56	45.86	3143.42	1626.12	195.41	1821.53	1321.89	
<i>Previous Year</i>	<i>3062.25</i>	<i>35.31</i>	<i>3097.56</i>	<i>1430.54</i>	<i>195.58</i>	<i>1626.12</i>		<i>1471.44</i>

SCHEDULE - 6 INVESTMENTS (AT COST)

NON TRADE INVESTMENTS(Unquoted - Long term)
Government securities
National savings certificates (pledged with sales tax authorities)

Rs. Lakh	Previous Year Rs. Lakh
0.15	0.15
0.15	0.15

SCHEDULE - 10 LOANS AND ADVANCES

(Unsecured and considered good)

- Interest accrued but not due
- Advances receivable in cash or in kind or
for value to be received
- Balances with customs and excise authorities
- Deposits with government bodies and others
- Advance payment of taxes

TOTAL

Rs. Lakh	Previous Year Rs. Lakh
0.85	0.77
143.38	115.30
12.28	3.00
133.03	48.91
0.32	0.60
289.86	168.58

SCHEDULE - 7 INVENTORIES

- Stores and spare parts
- Stock-in-trade
 - Raw Materials
 - Goods In Transit
 - Finished Goods
 - Work-in-progress

TOTAL

Rs. Lakh	Previous Year Rs. Lakh
98.25	71.95
492.14	240.82
—	7.48
239.65	179.06
431.29	296.23
1,261.33	795.54

SCHEDULE - 11 CURRENT LIABILITIES

- Sundry creditors for goods and services
- (Including Rs. 7.75 Lakh due to Small Scale Industries,
Previous year Rs. 4.98 Lakh - See Note 8)
- Advances from customers
- Security deposits
- Employees

TOTAL

Rs. Lakh	Previous Year Rs. Lakh
961.21	684.84
3.00	8.44
0.18	0.49
11.68	11.96
976.07	705.73

SCHEDULE - 8 SUNDRY DEBTORS

Unsecured and considered good, except to the extent provided
a) Over six months

b) Others

Less: Provision for doubtful debts

TOTAL

Rs. Lakh	Previous Year Rs. Lakh
34.37	493.34
709.08	506.84
743.45	1,000.18
—	406.86
743.45	593.32

SCHEDULE 12 - PROVISIONS

Provision for Gratuity

Provision for Leave Encashment

TOTAL

Rs. Lakh	Previous Year Rs. Lakh
29.21	23.93
4.33	3.69
33.54	27.62

SCHEDULE 13 - NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting Convention :

The Financial Statements are prepared under the historical cost convention and on accrual basis and in accordance with the provisions of the Companies Act, 1956.

b) Sales :

Sales revenue from products are recognised on despatch of goods. Sales are stated net of returns.

c) Capital Subsidy :

Capital Subsidy not specifically related to a fixed asset is credited to Capital Reserve and retained till the requisite conditions are fulfilled.

d) Fixed Assets and Depreciation :

i) Fixed assets are stated at their original cost of acquisition or construction and other incidental expenses.

- ii) Depreciation on fixed assets is provided on the straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- iii) Cost of leasehold land is amortised over the period of the lease of 95 years.
- e) Inventories :
Stores and spares are valued at cost. Stock-in-trade are valued at cost or net realisable value whichever is lower. The costs are determined on a weighted average basis.
- f) Foreign Currency Transactions :
i) Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the last day of the accounting year except in respect of items covered by forward contracts where the exchange difference between the forward rate and the exchange rate on the date of transaction is recognised over the life of the contract. Foreign currency transactions are accounted at the rate prevailing on the date of transaction.
- ii) Exchange differences arising due to repayment or restatement of liabilities incurred for the purpose of acquiring fixed assets are adjusted in the carrying amount of respective fixed assets.
- g) Miscellaneous expenditure :
i) Preliminary and share issue expenses are written off over a period of ten years.
- ii) The initial cost of development of selected new products including net cost of abnormal rejections during development stage (incurred till 31st March, 2003) is deferred to be written off over a period of five years.
- iii) Expenditure on early retirement scheme is deferred to be written off over a period of five years.
- h) Retirement benefits :
The Company's contributions to Provident Fund / Officers' Superannuation fund, Provision for Gratuity and Provision for leave encashment calculated on an arithmetical basis, are charged to the Profit and Loss Account.
- i) Investments :
Long term Investments are stated at cost.
- j) 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 is 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 reassess realisation / liabilities.
2. Pursuant to Accounting Standard 26 'Intangible Assets', becoming mandatory w.e.f. 1st April, 2003 expenditure on product development which hitherto was deferred to be written off over a period of five years, is charged off to Profit and Loss account. Consequent to this change, the 'Miscellaneous Expenditure (to the extent not written off or adjusted)' as at the year end are stated lower by Rs.33.84 Lakh and loss for the year is higher by a similar amount.
3. The operations of the Company during the previous years have resulted in substantial erosion of net worth. The accounts of the Company have been prepared on a 'going concern' basis in view of the restructuring process initiated by the Management and continuing support from the holding company.
4. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.1.85 lakh (*Previous year Rs. 0.63 lakh*).

5. Taxation :

Current Tax :

No provision for income tax (current tax) is made in the current year in view of the computation of income resulting in a loss in accordance with the provisions of the Income Tax Act, 1961, and further, there is no "book profit", as envisaged in Section 115 JB of the Income Tax Act because of brought forward losses as per books of account.

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.

6. Contingent liabilities not provided for :

- a) Guarantees given by the Company's bankers, counter guaranteed by the Company : Rs.154.82 lakh (*Previous year Rs.153.54 lakh*).
- b) Arrears of fixed cumulative dividend Rs. 3.61 lakh for the period 10th March 2004 – 31st March 2004. (*Previous year Rs. 243.62 lakh*) excluding Rs. 300.00 lakh pending approval for the waiver from the Company Law Board.
- c) Excise Duty Rs.13.22 lakh (*Previous year Rs.13.22 lakh*).
- d) Bills Discounted Rs.52.03 lakh (*Previous year Rs.43.78 lakh*).

7. Managerial Remuneration :

	<i>Previous Year</i>	
	Rs. Lakh	Rs. Lakh
Salary	0.72	0.72

8. The Small Scale Industrial Undertakings for which outstanding is more than 30 days are as follows:

- i) Hindustan Chemicals Limited
- ii) Shyamlex Metachem Pvt. Limited
- iii) Ashirwad Steels & Industries

9. Reconciliation of the profit/ (loss) for the year, used for calculating earning per share

	<i>Previous Year</i>	
	Rs. Lakh	Rs. Lakh
Profit / (Loss) for the year	(172.24)	163.76
Less/(Add): Dividend on cumulative preference shares, not provided for	(60.00)	(60.00)
Profit / (Loss) to Equity Shareholder	(232.24)	103.76

10. Related Party Disclosures:

A 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 Machinery Company Limited	Fellow Subsidiary
Damodhar Cement and Slag Limited	Fellow Subsidiary
Cement Marketing Corporation 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

B Key Management Personnel

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

C Transaction with Related Parties - Holding / Fellow Subsidiary Companies :

	Holding Company <i>Previous Year</i>		Fellow Subsidiary <i>Previous Year</i>	
	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
(i) Purchase of Finished/ Unfinished goods	283.03	81.16	5.67	8.51
(ii) Sale of Finished/Unfinished goods	394.33	459.16	20.85	41.15
(iii) Sale of DEPB License	72.47	61.85	-	-
(iv) Reimbursement of expenses / cost of material / stores by the Company	0.15	-	2.23	0.99
(v) Reimbursement of expenses/ cost of material/Stores to the Company	-	-	-	2.82
(vi) Rendering of Services	-	-	9.57	2.98
(vii) Receiving of Services	6.12	-	10.04	1.89
(viii) Purchase of Fixed Assets	-	-	-	-
(ix) Interest on Inter Corporate Deposits paid during the Year	136.49	137.47	-	-
(x) Outstanding balance included in Current Assets	-	-	0.36	22.17
(xi) Outstanding balance included in Current Liabilities	615.96	385.14	-	-
(xii) Inter Corporate Deposits received during the year (Net)	350.00	1407.00	-	-
(xiii) Conversion of Inter corporate Deposit into Equity Share Capital during the year	-	-	-	-
(xiv) Inter Corporate Deposits at the end of the year	2238.00	1888.00	-	-
(xv) Bank Guarantees / Collateral Securities / Indemnities outstanding at the year end.-Recipient	580.00	580.00	-	-
(xvi) Amount adjusted	24.53	-	-	-

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

	Unit of Measurement	<i>Previous Year</i> Rs. Lakh	Rs. Lakh
(i) Remuneration		0.72	0.72

11 Additional Information as applicable in pursuance of the provisions of Part II of Schedule VI of the Companies Act, 1956.
A) Details of Raw Material Consumed

		2003-2004		2002-2003	
	Unit	Quantity	Rs.Lakh	Quantity	Rs.Lakh
i) Scrap	Tonnes	2885.733	314.37	2804.843	300.38
ii) Nickel	Tonnes	56.858	391.54	23.326	110.93
iii) Ferro alloys	Tonnes	550.534	268.85	510.060	202.41
iv) Others	Tonnes	224.210	12.67	81.041	3.00
		3717.335	987.43	3419.270	616.72*

* Excluding materials consumed in product development charged to Product Development Expenses.

	2003-2004	2002-2003
B) Licensed Capacity (Tonnes)	NOT APPLICABLE	NOT APPLICABLE

C) Installed capacity, actual production, opening stock and closing stock, turnover:

	Unit	Quantity	Rs. Lakh	<i>Previous Year</i>	
				Quantity	Rs. Lakh
Installed Capacity-	Tonnes	3000.000	-	3000.000	-
Opening Stock--	Tonnes	227.981	179.06	107.395	88.31
Production	Tonnes	3113.329	-	2837.291	-
Sales-Castings	Tonnes	3025.936	2435.79	2681.126	2056.50
Closing Stock---	Tonnes	315.374	239.65	227.981	179.06

(-) As Certified by the Management and accepted by the Auditors being a technical matter

(--) Nil Tonnes (*Previous year 35.579 Tonnes*) transferred to raw material stock.

(---) Includes quantity under Inspection 279.845 Tonnes (*Previous year 192.452 Tonnes*)

D) Value of Imported and indigenous raw materials and consumables consumed :

	Raw Materials				Consumables			
	2003-2004		2002-2003		2003-2004		2002-2003	
	Rs. Lakh	%	Rs. Lakh	%	Rs. Lakh	%	Rs. Lakh	%
(i) Imported	205.72	20.83	45.13	7.32	-	-	-	-
(ii) Indigenous	781.71	79.17	571.59	92.68	390.90	100.00	294.22	100.00
	987.43	100.00	616.72	100.00	390.90	100.00	294.22	100.00

Consumption figures have been arrived at on the basis of opening stock plus purchases less closing stock and include adjustment of excess / shortage ascertained on physical count.

E) Value of Imports on C.I.F. basis

	2003-2004	2002-2003
	Rs.Lakh	Rs.Lakh
Raw Materials	205.72	45.13

12. Expenditure in foreign currency : (disclosed on payment basis and net of tax)

	2003-2004	2002-2003
	Rs.Lakh	Rs.Lakh
i) Foreign Travel	0.33	1.10

13. Earnings in foreign exchange :

	2003-2004	2002-2003
	Rs.Lakh	Rs.Lakh
i) F.O.B value of exports	978.94	616.33
ii) Freight and Insurance	23.65	22.84

14. The figures for the previous year have been regrouped wherever necessary.

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 (Amount in Rs. Thousands)

Public Issue

Bonus Issue

Right Issue

Private Placement

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

Total Liabilities

SOURCES OF FUNDS

Paid-up Capital

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 (Amount in Rs. Thousands)

Turnover (including Other Income)

Profit Before Tax

Earning per Share (in Rs.)

Total Expenditure

Profit After Tax

Dividend Rate (%)

V. Generic Name of three Principal Product of Company **(AS PER MONETARY TERMS)**

Item Code No. (ITC Code)

Product Description