



# Bulk Cement Corporation (India) Limited

## DIRECTORS' REPORT

TO THE MEMBERS OF  
THE BULK CEMENT CORPORATION (INDIA) LIMITED

- The Directors hereby present their Twelfth Annual Report on the business and operations of the Company and the Audited Accounts for the year ended March 31, 2004.

### 2 FINANCIAL RESULTS

	Current Year		Previous Year	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
Sale of Products, Services and Other Income		13498.47		4146.64
Profit Before Tax		321.36		242.88
Provision for Taxation				
— Current Tax	24.71			19.13
— Deferred Tax	111.18			32.19
— Prior Years provision for tax written back	(14.50)			—
		121.39		51.32
Profit after Taxation		199.97		191.56
Balance brought forward		30.05		(161.51)
Balance carried forward to Balance Sheet		230.02		30.05

### 3 OPERATIONS

The Company's Bulk Cement unit continued to operate at capacity utilization significantly above its rated capacity. The total despatches were 5.89 Lakh MT compared to 5.54 Lakh MT in the previous year registering an increase of 6.3 %. This was also reflected in the record number of 247 rakes, which were received during the year, compared to 234 rakes received during the previous year. This increase in capacity utilization was complemented by improvement in operating parameters resulting in reduction in costs and power consumption.

### 4 INDUSTRIAL RELATIONS

During the year under review, industrial relations at the Company's unit continued to remain cordial and peaceful.

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

As required under Section 217 (1) (e) of the Companies Act 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors ) Rules, 1988, the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are mentioned herein below:

#### FORM "A"

Form for Disclosure of Particulars with respect of Conservation of Energy, Power and Fuel Consumption

	Current Year		Previous Year	
	Apr 2003 – Mar 2004	Apr 2002 – Mar 2003		
(1) Electricity				
a) Units Purchased KWH	2176575	2088232		
Total Amount (Rs.)	9365974	9429230		
Rate / Unit Rs./KWH	4.30	4.51		
b) Own Generation	Nil	Nil		
(2) Consumption / Unit of Production				
Electricity (Units/MT)	3.70	3.77		
The Company has not entered into any technology transfer agreement.				

#### Foreign Exchange Earning and Outgo

	Current Year		Previous Year	
	Rs.	Rs.	Rs.	Rs.
Foreign Exchange Earned	Nil	Nil		
Foreign Exchange Used	Nil	Nil		

### 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

Mr. M. O. Rego who was nominated by the Industrial Development Bank of India (IDBI) as a Director on the Board of the Company, resigned with effect from 11<sup>th</sup> June, 2003. The Board has placed on

record its sincere appreciation of the services rendered by Mr. M. O. Rego during his tenure of office.

IDBI nominated Mr. Manoranjan B. Kaul as Director on the Board of the Company with effect from 11<sup>th</sup> June, 2003, in the casual vacancy created by the resignation of Mr. M. O. Rego.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. S. Jagadeesan and Mr. N. H. Italia retire by rotation and are eligible for reappointment.

### 8 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 Note 2 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 the affairs of the Company as at March 31, 2004 and of the profit of the Company for the year ended on that date;
- 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.

### 9 AUDITORS

M/s. K S Aiyar & Co., Mumbai, the existing auditors have under Section 224 (1B) of the Companies Act, 1956, furnished the certificate of their eligibility for their re- appointment. The members are requested to reappoint them as Auditors of the Company for the year 2004 - 05 on a remuneration to be decided by the Board of Directors.

### 10 ACKNOWLEDGEMENT

Your Directors take this opportunity to express their grateful appreciation of the excellent assistance and co-operation received from the Department of Industrial Promotion and Policy, Ministry of Industry, Ministry of Railways, ICICI Bank, Industrial Development Bank of India, other Banks and The Associated Cement Companies Limited. Your Directors also thank all the employees of the Company for their valuable service and support during the year.

For and on behalf of the Board,  
**BULK CEMENT CORPORATION (INDIA) LIMITED**  
**S. JAGADEESAN**  
**CHAIRMAN**

New Delhi, April 26, 2004

### AUDITORS' REPORT

The members of Bulk Cement Corporation (India) Limited.

We have audited the attached Balance Sheet of Bulk Cement Corporation (India) 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.

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.

As required by the companies (Auditor's 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 enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

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 accounts.
- (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, we report that none of the directors 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 read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (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

Place : Mumbai  
Date : 27th April, 2004

Membership No. 38959

## ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of the Auditors' Report of even date to the members of Bulk Cement Corporation (India) Limited on the accounts for the year ended March 31, 2004.

- (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 and hence it has not affected the going concern assumption.
- (ii) (a) 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) 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 operation of the Company and have been properly dealt with in the books of account.
- (iii) The company has not granted nor 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 weakness in internal controls.

- (v) 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. Accordingly, sub-clause (b) is not applicable.
- (vi) The Company has not accepted any deposits from the public to which the provisions of Section 58A and Section 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 apply.
- (vii) 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 regular in depositing undisputed statutory dues including Provident Fund, Investor education and Protection Fund, Employees State Insurance, Sales Tax, Income Tax, Wealth Tax, Custom Duty, Cess and other 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 undisputed 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, there are no disputed dues of sales tax/ income tax/custom duty/wealth tax/excise duty/cess which have not been deposited on account of any dispute.
- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred 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 documents and records, we are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of 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 others 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 no funds raised on short-term basis have been used for long-term investment. Long term funds aggregating Rs. 131.31 lacs have been used for current assets including permanent working capital.
- (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 course of our audit.

For K.S. Aiyar & Co.,  
Chartered Accountants

Ramakrishna Prabhu  
Partner  
Membership No. 38959

Place: Mumbai  
Date: 27th April, 2004.

## BALANCE SHEET AS AT MARCH 31, 2004

	Schedules	Rupees 000's	Rupees 000's	Previous Year Rupees 000's
<b>I SOURCES OF FUNDS</b>				
<b>1 SHAREHOLDERS' FUNDS</b>				
(a) Share Capital .....	1	336,421		336,421
(b) Reserves & Surplus .....	2	23,002		3,005
			359,423	339,426
<b>2 LOAN FUNDS</b>				
Secured Loans .....	3	168,750		213,750
Unsecured Loans - Others.....		16,672		29,597
			185,422	243,347
<b>3 DEFERRED TAX LIABILITY</b>			14,337	3,219
			559,182	585,992
<b>II APPLICATION OF FUNDS</b>				
<b>1 FIXED ASSETS</b>	4			
(a) Gross Block .....		692,699		693,528
(b) Less : Depreciation .....		183,570		148,575
(c) Net Block .....			509,129	544,953
<b>2 INVESTMENTS</b> .....	5		20,000	15,010
<b>3 CURRENT ASSETS, LOANS AND ADVANCES</b>				
(a) Inventory-Stores & Spares (as certified by management)		755		320
(b) Sundry Debtors .....	6	44,713		57,520
(c) Cash & Bank balances .....	7	33,260		4,347
(d) Loans & Advances .....	8	12,292		2,286
			91,020	64,473
<b>4 Less - CURRENT LIABILITIES AND PROVISIONS</b>				
(a) Sundry Liabilities .....	9	61,217		38,849
			29,803	25,624
<b>5 NET CURRENT ASSETS</b> .....				
<b>6 MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)				
(a) Preliminary Expenses.....		222		277
(b) Deferred Revenue Expenses .....		28		128
			250	405
<b>7 TOTAL ASSETS</b> .....			559,182	585,992
<b>8 NOTES ON ACCOUNTS</b> .....	12			

Per our Report attached

For K. S. Aiyar & CO.  
Chartered Accountants

D. H. Baria  
Company Secretary

A.K. Jain  
N.H. Italia } Directors

Ramakrishna Prabhu  
Partner

Mumbai  
April 27, 2004.

For and on behalf of the Board,

New Delhi  
April 26, 2004.

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

	Schedules	Rupees 000's	Rupees 000's	Previous Year Rupees 000's
<b>INCOME</b>				
SALE OF PRODUCTS, SERVICES AND OTHER INCOME .....	10		1,349,847	414,664
<b>EXPENDITURE</b>				
OPERATING AND OTHER EXPENSES .....	11		1,266,180	327,688
INTEREST - OTHERS .....			16,302	27,326
DEPRECIATION .....			35,229	35,362
			1,317,711	390,376
<b>PROFIT/ (LOSS) BEFORE TAX</b> .....			32,136	24,288
<b>PROVISION FOR TAXATION</b> .....				
Current Tax .....		2,471		1,913
Deferred Tax .....		11,118		3,219
			13,589	5,132
<b>PRIOR YEARS' PROVISION FOR TAXATION WRITTEN BACK</b> .....			18,547	19,156
			1,450	—
<b>PROFIT AFTER TAX</b> .....			19,997	19,156
<b>PROFIT/(LOSS) BROUGHT FORWARD</b> .....			3,005	(16,151)
<b>BALANCE CARRIED TO BALANCE SHEET</b> ..			23,002	3,005
<b>NOTES ON ACCOUNTS</b> .....	12			
<b>BASIC AND DILUTED EARNINGS PER SHARE</b> (Note 6) (in Rupees) .....			0.59	0.57

Per our Report attached

For and on behalf of the Board,

For K. S. Aiyar & CO.  
Chartered Accountants

D. H. Baria  
Company Secretary

A. K. Jain  
N.H. Italia } Directors

Ramakrishna Prabhu  
Partner

Mumbai  
April 27, 2004.

New Delhi  
April 26, 2004.

## SCHEDULES FORMING PART OF THE BALANCE SHEET

### SCHEDULE - 1 SHARE CAPITAL

#### AUTHORISED

34,000,000 Equity Shares of Rs.10 each.

11,000,000 Preference Shares of Rs.10 each.

#### ISSUED, SUBSCRIBED AND FULLY PAID UP

33,642,070 Equity Shares of Rs. 10 each fully paid

(The Associated Cement Companies Ltd., the  
Holding Company, holds 23,490,810 (Previous Year  
23,490,810 Equity shares)

### SCHEDULE - 2

#### RESERVES & SURPLUS

#### PROFIT AND LOSS ACCOUNT

### SCHEDULE - 3

#### SECURED LOANS

OTHER LOANS AND ADVANCES  
(Secured by hypothecation of all moveable assets created  
and/or to be created in favour of GE Capital Services India  
on certain moveable assets for securing the borrowings.)

Rupees 000's	Previous Year Rupees 000's
340,000	340,000
110,000	110,000
450,000	450,000
336,421	336,421
336,421	336,421
23,002	3,005
23,002	3,005
168,750	213,750
168,750	213,750



## SCHEDULES FORMING PART OF THE BALANCE SHEET

### SCHEDULES FORMING PART OF THE BALANCE SHEET

#### SCHEDULE - 4

##### FIXED ASSETS

(Rupees 000's)

FIXED ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	AS AT 31-03-2003	ADDI TIONS	DELE TIONS	AS AT 31-03-2004	AS AT 31-03-2003	FOR THE YEAR 2003-04	ON DISPO SALS	AS At 31-03-2004	AS At 31-03-2004
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1 Building	24,918	37	—	24,955	3,759	799	—	4,558	20,397
2 Plant & Machinery	267,309	126	997	266,438	60,856	14,642	234	75,264	191,174
3 Roads, Bridges	19,370	—	—	19,370	1,315	316	—	1,631	17,739
4 Rails & Sidings	35,556	—	—	35,556	7,029	1,689	—	8,718	26,838
5 Wagon & Loco	257,922	—	—	257,922	50,985	12,251	—	63,236	194,686
6 Furniture&Fixtures	1,199	—	—	1,199	815	48	—	863	336
7 Office Equipments	1,488	5	—	1,493	1,203	39	—	1,242	251
8 Vehicles	21,214	—	—	21,214	9,860	2,379	—	12,239	8,975
9 Electrical Installation	64,552	—	—	64,552	12,753	3,066	—	15,819	48,733
Total	693,528	168	997	692,699	148,575	35,229	234	183,570	509,129
Previous Year	693,528	—	—	693,528	113,213	35,362	—	148,575	544,953

Note : The terminal is on a leasehold land in possession of the Company. It was sanctioned for the project by the Ministry of Industry, Government of India, vide letter No. DCCI / 1-26 / 91-92 Dt.27.09.93

#### SCHEDULE - 5

##### INVESTMENTS

Previous Year  
Rupees 000's Rupees 000's

Current Investments	Face Value (Rs.)	Numbers	Cost per unit (Rs.)		
HELD IN MUTUAL FUNDS (UNITS):-					
RELIANCE MUTUAL FUND	10	2000000	10.0000	20,000	NIL
TATA SHORT TERM	10	491130.190	10.1806	—	5,000
JM MUTUAL FUND	10	242671.326	10.3020	—	2,500
SBI-MF-DIVIDEND	10	191487.190	13.1066	—	2,510
IL & FS	10	223204.321	11.2005	—	2,500
TEMPLETON INDIA	10	231278.042	10.8095	—	2,500
				20,000	15,010

Note:

Aggregate Net Cost and Market value of company's Investments:- (Rs.000's)

	As at March 31, 2004 Aggregate Net Cost	As at March 31, 2003 Market Value	As at March 31, 2004 Aggregate Net Cost	As at March 31, 2003 Market Value
Quoted Investments	20,000	20,058	15,010	15,364
Unquoted Investments	—	—	—	—
Total Investments	20,000	20,058	15,010	15,364

#### SCHEDULE - 6

##### SUNDRY DEBTORS (Unsecured and Considered Good)

Sundry Debtors

(a) Over six months

(b) Others

Due from The Holding Company :

The Associated Cement Companies Ltd .,

Rs.1,25,47,860/- (Previous year Rs.1,02,85,860/-); Maximum

balance during the year Rs.1,25,47,860/-

(Previous year Rs., 1,02,85,860/-)

#### SCHEDULE - 7

##### CASH AND BANK BALANCES

Cash on hand

Current Accounts / Balance with Scheduled Banks

Rupees 000's	Previous Year Rupees 000's
422	—
44,291	57,520
44,713	57,520
1	1
33,259	4,346
33,260	4,347

#### SCHEDULE - 8

##### LOANS AND ADVANCES (Unsecured Considered Good)

(a) Other Deposits

(b) Advances recoverable in cash or in kind

or for value to be received, net of

doubtful advances.

Due from The Holding Company : The Associated

Cement Cos. Ltd (Rs. 95,35,019/- (Previous yearRs.Nil);

Maximum balance during the year Rs.2,25,00,000/- ;

(Previous year Rs.Nil)

(c) Advance payment against Tax

(Net of provision for taxation Rs.43,83,143/-

(Previous year Rs.33,62,669/-)

#### SCHEDULE - 9

##### CURRENT LIABILITIES & PROVISIONS

##### SUNDRY LIABILITIES - SUNDRY CREDITORS

(a) For Goods Supplied

(b) For Other Liabilities

Due to the Holding Company : The Associated Cement

Cos. Ltd Rs. 15564/- ; (Previous year Rs.15345);

Maximum balance during the year Rs.15564/-;(Previous

year Rs.15345/- )

Rupees 000's	Previous Year Rupees 000's
1,175	1,110
10,909	1,164
208	12
12,292	2,286
61,217	1,458
	37,391
61,217	38,849

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

#### SCHEDULE - 10

##### SALE OF PRODUCTS, SERVICES AND

##### OTHER INCOME

1 BULK HANDLING CHARGES	37,898	58,651
2 FREIGHT REBATE	62,119	62,119
3 TRADING SALES	1,248,437	291,425
	1,348,454	412,195
4 OTHER INCOME		
(a) Interest (Inclusive of Tax Deducted at Source		
Rs.7744; Previous year Rs. 85381)	58	450
(b) Interest received from I.Tax refunds	112	1,043
(c) Profit on sale of investments	1,100	439
(d) Others (Inclusive of Tax Deducted at Source		
Rs. Nil: Previous year Rs. Nil)	123	537
	1,393	2,469
	1,349,847	414,664

#### SCHEDULE - 11

##### OPERATING AND OTHER EXPENSES

1 PURCHASE OF CEMENT	1,035,666	241,458
2 PAYMENTS TO AND PROVISION FOR EMPLOYEES		
(a) Salaries	585	852
(b) Contribution to Provident & Other Funds	124	146
	709	998
3 OPERATION AND OTHER EXPENSES		
(a) Deputation charges	2,251	1,979
(b) Purchase of Power	9,801	9,918
(c) Plant Operating charges	5,312	4,880
(d) Rates and Taxes	7,497	7,333
(e) Insurance	1,057	1,241
(f) Rent	61	40
(g) Transportation and other charges	110,351	23,400
(h) Operation and Maintenance of Plant	37,811	20,427
(i) Discounts, Rebates and allowances	47,610	9,894
(j) Communication	631	444
(k) Travelling and Conveyance	554	512
(l) Loss on sale of old Machinery	447	-
(m) Other Expenses	6,151	4,925
	229,534	84,993
4 AUDITORS' REMUNERATION		
(a) Audit Fees	108	65
(b) Certification	3	4
(c) Reimbursement of expenses	5	15
	116	84
5 MISCELLANEOUS EXPENDITURE WRITTEN OFF	155	155
	1,266,180	327,688

## SCHEDULE – 12

### NOTES ON ACCOUNTS

- 1) The Company has income from trading in cement and rendering services of bulk storage and transportation of cement and accordingly the disclosure under Part II of Schedule VI of the Companies Act, 1956 are made as applicable to a Company engaged in trading and of rendering or supplying services.
- 2) Significant Accounting Policies:
- A) Accounting Convention  
These financial statements are prepared on the historical cost convention, on an accrual basis.
- B) Revenue Recognition:  
Revenue from Sale of products is recognised on despatch of goods to customers. Revenue arising from charges for bulk handling of cement is recognised based on tonnage handled and rebate on freight granted by the Railways is recognised based on tonnage of bulk cement despatched from the supplier to the Company's terminal at Kalamboli.
- C) Fixed Assets and Depreciation
  - i. Fixed assets are stated at cost of acquisition, including attributable interest and financial cost till such assets are put to use.
  - ii. Depreciation is provided in the accounts on the Straight-line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956.
- D) Investments  
Current investments are stated at cost or fair value whichever is lower. Cost is determined on weighted average basis.
- E) Inventory  
The Company does not carry any inventory of raw materials and there are no Stock of Traded Finished Goods at the end of the year. The stock of stores and spares is valued at cost (FIFO BASIS).
- F) Preliminary Expenses and Deferred Revenue Expenses:  
Preliminary Expenses and Deferred Revenue Expenses are amortised over a period of 120 months and 60 months respectively from the commencement of commercial operations.
- G) Retirement Benefits  
Company's contribution paid during the year to Provident Fund, Group Gratuity (Cash accumulation) cum Life Assurance Scheme of Life Insurance Corporation of India and Officers' Superannuation Fund are charged to Profit and Loss Account.
- H) 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 reasonable certainty of realisation of such assets. Deferred tax assets / liabilities are reviewed as at each Balance Sheet date based on developments during the year and available case laws, to reassess realisation / liabilities.
- I) The Company is engaged in the business of bulk handling and trading in cement. As the risks and rewards for these activities are not materially different, they have been considered as a single segment viz., Cement Activity.

### 3. Related Party Disclosures:

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

Name	Nature of Relationship
The Associated Cement Companies Limited	Holding Company
ACC Machinery Company Limited	Fellow Subsidiary
ACC Nihon Castings Limited	Fellow Subsidiary
Cement Marketing Company of India Limited	Fellow Subsidiary
Damodhar Cement & Slag Limited	Fellow Subsidiary
Everest Industries Limited (Formerly Eternit Everest Limited)	Fellow Subsidiary from February, 2002
Bargath 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

- (ii) Key Management Personnel  
Mr. Siddhartha Shankar Chief Executive Officer

- (iii) Transactions with Related Parties during the year:  
The Associated Cement Companies Ltd., Holding Company

Description of Transactions	2003-04 Rs '000s	2002-03 Rs '000s
a) Purchase of cement	10,34,508	2,41,458
b) Rendering of services	34,373	57,375
c) Deputation charges/Reimbursement of Expenses	20,650	6,234
d) Reimbursement of freight rebate	58,745	60,412
e) Interest on inter-corporate deposits	Nil	407
f) Outstanding balance included in current assets	22,082	10,286
g) Outstanding balance included in current liabilities	15	1,473
h) Intercorporate deposits given during the year	Nil	14,500
i) Guarantees given by Holding Company outstanding as at the end of the year	2,50,000	2,50,000

### 4. Deferred Taxation:

During the year, the Company has accounted for Deferred Tax in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants Of India. The year end position is as follows:

	March 31,2004 Rupees 000's	March 31,2003 Rupees 000's
<b>Deferred Tax Liabilities:</b>		
Depreciation Differences	1,28,011	1,27,795
<b>Deferred Tax Assets:</b>		
Unabsorbed Losses	1,13,674	1,24,576

5. During the year the Company had purchased and sold units in various Mutual Funds amounting to Rs.35009746/-.

### INVESTMENTS IN MUTUAL FUNDS- UNITS PURCHASED AND SOLD DURING THE YEAR

#### Mutual Funds Short Term Plans:

Sl. No.	Name of the Fund	Amount invested Rs.	Face Value Rs.	No. of Units Rs.
1	JM MUTUAL FUND	2500000	10	242671.326
2	SUNDARAM MONEY FUND	5000000	10	388406.833
3	TATA SHORT TERM BOND FUND	5000000	10	491043.369
4	TEMPLETON INDIA	2500000	1000	1611.250
5	TEMPLETON INDIA	2500000	1000	2346.178

#### Mutual Funds - Liquid Plans:

Sl.No.	Name of the Fund	Amount invested Rs.	Face Value Rs.	No. of Units Rs.
1	CAN BANK FUND	2500000	10	221855.421
2	FIRST INDIA LIQUID FUND	5000000	10	455713.739
3	IL & FS LIQUID	2500000	10	223204.321
4	ING TREASURY PORT	2500000	10	189253.433
5	RELIANCE LIQUID FUND	2500000	10	165313.302
6	SBI - MF - DIVIDEND	2509746	10	191487.190

### 6. Earnings per Share:

Description	2003-04 Rs 000's	2002-03 Rs 000's
Profit/(Loss) after taxation as per Profit and loss account	19,997	19,156
Weighted average number of Equity shares outstanding.	3,36,42,070	3,36,42,070
Basic and diluted earnings per Share in Rupees (face value - Rs. 10 per share)	0.59	0.57

### 7. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPH 3 & 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

	2003-04	2002-03
Unit	Quantity	Quantity
Rupees 000's	Rupees 000's	Rupees 000's
Sale of cement	MTs 4,62,968.61	12,48,437
Purchase of cement	MTs 4,62,968.61	10,35,666
Spare Parts Consumed:		
Indigenous	% 100	4358
Imported	% NIL	NIL

### 8. Value of Imports on CIF Basis:

	2003-04 Rupees 000's	2002-03 Rupees 000's
Stores and Spares	Nil	Nil

9. Previous year's figures have been regrouped/rearranged wherever necessary to make them comparable with the current year's figures.

Signature to Schedule 1 to 12

Per our Report attached

For K. S. Aiyar & CO.

Chartered Accountants

Ramakrishna Prabhu

Partner

Mumbai

April 27, 2004.

For and on behalf of the Board,

D. H. Baria

Company Secretary

A. K. Jain

N.H. Italia

Directors

New Delhi:

April 26, 2004.



**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. Thousands)**

Public Issue   
Bonus Issue   
Right Issue   
Private Placement

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

Total Liabilities\*   
Total Assets

**SOURCES OF FUNDS**

Paid-up Capital   
Secured Loans   
Reserves & Surplus   
Unsecured Loans

**APPLICATION OF FUNDS**

Net Fixed Assets   
Net Current Assets   
Investments   
Misc. Expenditure   
Accumulated Losses

**IV. PERFORMANCE OF COMPANY (Amounts in Rs. Thousands)**

Turnover\*\*   
Profit/(Loss) Before Tax   
Total Expenditure   
Profit/(Loss) After Tax   
Earning per Share (in Rs. Dividend Rate (%) \*\*\*   
For Shares of Rs. 10.00 each

**V. GENERIC NAME OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY (AS PER MONETARY TERMS)**

Item Code No. (ITC Code)   
Product Description

\* Including Share Holders' Fund

\*\* Including Other Income

\*\*\* Refer Note - 6, Schedule - 12

# Damodhar Cement and Slag Limited



## DIRECTORS' REPORT

### TO THE MEMBERS OF DAMODHAR CEMENT & SLAG LIMITED

The Directors hereby present their Twenty-sixth Annual Report on the business and operations of the Company and the Financial Accounts for the year ended March 31, 2004.

## 2. FINANCIAL RESULTS

	2003-2004 Rs. Lac	2002-2003 Rs. Lac
Sale of products (excluding Excise Duty) and other income .....	10701.45	8582.87
Less : Expenditure other than Depreciation and Interest ....	9650.31	7753.12
Profit/(Loss) before Depreciation and Interest .....	1051.14	829.75
Less : Depreciation .....	246.30	265.02
Interest .....	194.07	311.47
Profit/(Loss) before Tax .....	610.77	253.26
Provision for Taxation :		
a) Current year		
i) Current Tax .....	48.00	21.00
ii) Deferred Tax .....	64.60	—
b) In respect of earlier year .....	(21.13)	—
Profit/(Loss) after Taxation ..	519.30	232.26
Balance brought forward from previous year .....	(1508.47)	(1740.73)
Balance carried forward to the next year's account .....	(989.17)	(1508.47)

## 3.0 OPERATIONS DURING THE YEAR

- 3.1 Production of Cement during the year had been the highest ever at 4.66 lac MT as against 3.95 lac MT during the previous year. Capacity utilisation had been 89% .
- 3.2 Production of Wet Slag was 1.44 lac MT as against 1.31 lac MT during the previous year. Arrangements had also been made for procuring Slag from other sources to meet the deficit. The Slag purchased from other sources during the year had been 1.13 lac MT as against 0.79 lac MT during the previous year. Production of Dry Slag during the year was 2.09 lac MT as against 1.82 lac MT in the previous year.
- 3.3 Sale of Cement during the year had also been the highest so far at 4.70 lac MT (including 0.05 MT of self consumption) as against 3.95 lac MT during the previous year .
- 3.4 Continuous efforts are on for modification / replacement of facilities with a view to improving plant operations.
- 3.5 The plant had despatched 45 rakes of Cement by rail which accounted for 22% of its total despatches during the year.
- 3.6 The Company had repaid all its high cost term loans during the year.

## 4.0 TURNOVER AND PROFIT

- 4.1 The year 2003-04 recorded the highest income of Rs.10701.45 lac net of Excise Duty as compared to Rs. 8582.87 lac during the previous year. Both volume as well as price realisation had been significantly better than previous year resulting in a Profit after Tax of Rs.519.30 lac as compared to Rs. 232.26 lac in the previous year .

## 5.0 FUTURE PLANS

### 5.1 Mill Modification

The Company is making arrangements to convert two of its Cement Mills from Open Circuit to Close Circuit to improve their output and energy parameters which should result in savings in costs.

## 6.0 PERSONNEL

- 6.1 The Industrial Relations during the year had been by and large cordial.
- 6.2 The Company had extended the Voluntary Retirement Schemes for its permanent as well as contract employees during the year in terms of which few employees had opted for early separation.

## 7.0 SOCIAL ACTIVITIES

- 7.1 The Company continues to render service to the people of surrounding villages by way of organising Health Camps, Sports and Cultural activities.

## 8.0 PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

- 8.1 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 absorption and foreign exchange earnings and outgo are set out in the Annexure 'A' to the Directors' Report.

## 9.0 PARTICULARS OF EMPLOYEES

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

## 10.0 DIRECTORS

- 10.1 In accordance with the provisions of the Companies Act,1956 and the Company's Articles of Association, Mr. R.S.Rathore and Mr.T.N.Tiwari, Directors retire by rotation and being eligible offer themselves for reappointment.

## 11.0 COST AUDIT

- 11.1 In terms of the requirements of the Companies Act,1956 and Government's directive, the Board of Directors had appointed M/s D. Radhakrishnan & Co., Cost Accountants, to conduct Cost Audit of the Company's Cost Records for the Financial Year 2003-2004.

## 12.0 AUDIT COMMITTEE

- 12.1 The Board of Directors had constituted an Audit Committee in terms of Section 292A of the Companies (Amendment) Act,2000 comprising of Mr. M. M. Rajoria, Mr. R. S.Rathore, Mr. N. H. Italia, Mr. T. N. Tiwari, Mr. N. Chadha and Mr. A. Bhattacharya.

Except for Mr.Rathore other members are non-executive Directors and Mr. Bhattacharya is an independent Director.

The Committee met with the Statutory Auditors before adoption of Annual Accounts for the year 2003-04 by the Board of Directors.



### 13.0 DIRECTORS' RESPONSIBILITY STATEMENT

13.1 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:

- (i) 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;
- (ii) that such accounting policies as mentioned in Note 1 of the Notes to the Accounts have been selected and applied consistently and judgements 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 as at March 31, 2004 and of the profit of the Company for the year ended on that date;
- (iii) 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;
- (iv) that the annual accounts have been prepared on a going concern basis.

### 14.0 AUDITORS

14.1 The Company's Auditors, M/s Price Waterhouse, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

### 15.0 ACKNOWLEDGEMENT

15.1 The Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from the Central Government, Government of West Bengal, WBIDC, IISCO and Banks. Your Directors also thank all the employees of the Company for their valuable services and support during the year.

For and on behalf of the Board,  
M.M.RAJORIA  
CHAIRMAN

Kolkata, April 16, 2004.

### ANNEXURE 'A' TO 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.

#### (A) CONSERVATION OF ENERGY

- a) Energy Conservation measures taken :
  - Shifting of Tariff Meter from generating point to plant premises to reduce transmission loss.
  - Running of Packer No.2 and Dust Collectors with one Compressor instead of two.
  - Reduce operation of one No. deducting fan of Wagon Tippler.
  - Reduction in Motor rating of Feed Belt Conveyor of CM-2 & 3.
  - Elimination of Screw Conveyor of weigh feeder venting dust collector of CM-2 & 3 .

- Reduction of idle running of tunnel deducting fan and hopper deducting fan of CM-2 by interlocking with belt.
- Use of Water Pumps alternatively at SGP.
- Renovation of dryer internals for reduction in power and fuel consumption.

- b) Additional investments and proposals for reduction of energy consumption :
  - Conversion of 2 Cement Mills from open circuit to close circuit.
- c) The impact of the measures at (a) to (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:
  - Savings in energy consumption and consequent reduction in the cost of production.
- d) Total energy consumption and energy consumption per unit of production as per Form A.

**FORM A**  
**Power and Fuel Consumption**

	Current Year			Previous Year		
	Thousand Units (KWH)	Total Amount (Rs.Lac)	Rs. (per Unit )	Thousand Units (KWH)	Total Amount (Rs.Lac)	Rs. (per Unit)
1. Electricity						
(a) Purchased	26959	847.57	3.14	22095	712.40	3.23
(b) Own Generation through Diesel Generator	12	2.16	18.00	29	4.62	15.93
	Quantity (Thousand Tonnes)	Total Cost (Rs.Lac)	Average Rate (Rs./Tonne)	Quantity (Thousand Tonnes)	Total Cost (Rs.Lac)	Average Rate (Rs./Tonne)
2. Coal for Slag Drier	3.49	69.59	1994	2.94	55.95	1903
	Quantity (Kilo Litres)	Total Cost (Rs.Lac)	Rs. (per litre)	Quantity (Kilo Litres)	Total Cost (Rs.Lac)	Rs. (per litre)
3. Diesel Oil	95.00	20.25	21.31	92.00	16.64	18.09

#### Consumption per Unit of Production

	Current Year	Previous Year
a. Electricity KWH/T Cement	58	56
b. Coal/T of Dried Slag (MT)	0.02	0.02

#### (B) TECHNOLOGY ABSORPTION

- There was no Research and Development (R&D) activity nor any absorption, adaptation and innovation in technology carried out by the Company.

#### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

- There was no Foreign Exchange earning or usage by the Company during the year.

For and on behalf of the Board,

Kolkata, April 16, 2004

M.M.RAJORIA  
Chairman





## AUDITORS' REPORT

TO  
THE MEMBERS OF  
DAMODHAR CEMENT & SLAG LIMITED

- 1 We report that we have audited the attached Balance Sheet of Damodhar Cement & Slag Limited as at 31st March, 2004 and also the Profit and Loss Account for the year ended on that date annexed thereto, and the Cash Flow Statement for the year ended on that date, all of which we have signed under reference to this report. 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 have 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 (the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we report that:
- i) (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
- (b) The fixed assets of the Company are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to such programme, a physical verification was carried out during the year and this revealed no material discrepancies.
- (c) During the year, substantial part of the fixed assets have not been disposed off by the Company.
- ii) (a) The inventory of the Company has been physically verified by the management during the year / at the year-end. 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) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and the book records were not material.
- iii) The Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties listed in the Register maintained under Section 301 of the Act. Accordingly, the clauses (iii)(b), (iii)(c) and (iii)(d) of the paragraph 4 of the Order, are not applicable.
- iv) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. Further, during the course of our audit we have neither come across nor have we been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- v) According to information and explanations given to us, there have been no transactions during the year in pursuance of contracts or arrangements which are required to be entered in the Register maintained under Section 301 of the Act.
- vi) The Company has not accepted any deposits under the provisions of Sections 58A and 58AA of the Act and the rules framed thereunder.
- vii) In our opinion, the Company's present Internal Audit (period covered upto October, 2003) system is commensurate with its size and nature of its business.
- viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under Section 209 (1) (d) of the Act. We are of the opinion, that *prima facie* the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- ix) (a) According to the information and explanations given and books and records as produced and examined by us, the Company has been regular in depositing during the year undisputed statutory dues in

respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance dues, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and others, as applicable, with the appropriate authorities in India.

- (b) As at 31<sup>st</sup> March 2004, according to the records of the Company and the information and explanations given to us, there have been no disputed dues in respect of Sales Tax, Income tax, Custom Duty, Wealth Tax and Cess other than certain Excise duty demands aggregating Rs.34.83 lacs disputed at a forum as indicated in Note 13 on Schedule 15 to the Accounts.
- x) The accumulated losses of the Company as at 31<sup>st</sup> March 2004, are less than fifty percent of its net worth and the Company has also not incurred cash losses during the financial year ended on that date and in the immediately preceding financial year.
- xi) According to the records of the Company, it has not defaulted in repayment of its dues to any financial institution or bank during the year. The Company does not have any outstanding debentures.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to it.
- xiv) The Company has not dealt or traded in shares, securities, debentures or other investments during the year.
- xv) The Company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
- xvi) In our opinion and according to the information and explanations given to us and based on an overall examination, the term loans have been applied for the purpose for which they were raised.
- xvii) *Based on the information and explanations given to us and on an overall examination of the Balance Sheet as at 31<sup>st</sup> March, 2004 of the Company, in our opinion, funds raised in earlier years on short term basis to the extent of Rs.1035.48 lacs have been used for the purpose of long term investments viz. Fixed assets.*
- xviii) The Company has not issued any debentures.
- xix) The Company has not raised any money by public issue during the year.
- xx) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
4. Further to our comments in paragraph 3 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 the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2004, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act, and also give respectively, subject to Note 3 on Schedule 15 regarding managerial remuneration to the extent indicated therein awaiting Shareholders' approval, 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 31<sup>st</sup> March, 2004;
- (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

P. Law  
Partner  
Membership No. F 51790  
For and on behalf of  
Price Waterhouse  
Chartered Accountants

Kolkata, April 16, 2004



## BALANCE SHEET AS AT MARCH 31, 2004

Schedules		Rs. Lac		Previous Year
		Rs. Lac	Rs. Lac	Rs. Lac
<b>I. SOURCES OF FUNDS :</b>				
1. SHARE HOLDERS' FUNDS :				
a) Share Capital .....	1	2,756.67		2,756.67
b) Reserves and Surplus .....	2	329.26		365.01
			3,085.93	3,121.68
2. LOAN FUNDS :				
a) Secured Loans .....	3	748.07		712.05
b) Unsecured Loans .....	4	60.00		300.00
			808.07	1,012.05
3. Net Deferred Tax Liability .....		64.60		—
4. TOTAL .....		3,958.60		4,133.73
<b>II. APPLICATION OF FUNDS :</b>				
1. FIXED ASSETS : .....				
a) Gross Block .....	5	6,473.74		6,465.99
b) Less : Depreciation .....		3,219.12		2,946.59
			3,254.62	3,519.40
2. CURRENT ASSETS, LOANS AND ADVANCES				
a) Inventories .....	6	1,115.10		1,300.20
b) Sundry Debtors .....	7	—		—
c) Cash and Bank Balances .....	8	7.50		5.53
d) Loans and Advances .....	9	200.03		371.74
		1,322.63		1,677.47
3. LESS :CURRENT LIABILITIES AND PROVISIONS :				
a) Liabilities .....	10	1,515.31		2,512.00
b) Provisions .....	11	92.51		59.61
		1,607.82		2,571.61
4. NET CURRENT ASSETS .....		(285.19)		(894.14)
5. PROFIT AND LOSS ACCOUNT .....		989.17		1,508.47
6. TOTAL .....		3,958.60		4,133.73
7. NOTES ON ACCOUNTS .....	15			

Schedules 1 to 11 and Schedule 15 referred to above form an integral part of the Balance Sheet. This is the Balance Sheet referred to in our Report of even date.

M.M.RAJORIA  
Chairman

R.S.RATHORE  
Managing Director

P.LAW  
Partner  
Membership No. F 51790

For and on behalf of  
PRICE WATERHOUSE  
Chartered Accountants  
Kolkata, April 16, 2004

M.BALAJI  
Manager Finance &  
Company Secretary

N.H.ITALIA  
Director  
Kolkata, April 16, 2004

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

Schedules		Rs. Lac		Previous Year
		Rs. Lac	Rs. Lac	Rs. Lac
<b>INCOME :</b>				
1. SALE OF PRODUCTS				
Gross Sales .....		12545.66		9,970.72
Less: Excise Duty .....		1880.38		1,403.19
Net Sales .....			10665.28	8,567.53
2. OTHER INCOME .....	12		36.17	15.34
			10,701.45	8,582.87
<b>EXPENDITURE :</b>				
3. MANUFACTURING AND OTHER EXPENSES .....				
	13		9,650.31	7,753.12
4. INTEREST .....	14		194.07	311.47
5. DEPRECIATION .....		282.05		300.77
LESS : TRANSFERRED FROM CAPITAL RESERVE .....		35.75		35.75
(Note 2 on Schedule 15)			246.30	265.02
			10,090.68	8,329.61
<b>PROFIT BEFORE TAXATION</b> .....			610.77	253.26
6. PROVISION FOR TAXATION				
Current Tax				
a) For current year .....			48.00	21.00
b) For earlier year .....			(21.13)	—
Deferred Tax (Note 12 on Schedule -15)			64.60	—
<b>PROFIT AFTER TAXATION</b> .....			519.30	232.26
7. LOSS BROUGHT FORWARD FROM PREVIOUS YEARS .....		(1,508.47)		(1,740.73)
<b>BALANCE CARRIED TO BALANCE SHEET</b> .....		(989.17)		(1,508.47)
8. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE OF :				
Rs. 10.00 EACH .....			1.88	0.84
Rs. 4.50 EACH .....			0.85	0.38
(Note 8 on Schedule - 15)				
9. NOTES ON ACCOUNTS .....	15			

Schedules 12 to 14 and Schedule 15 referred to above form an integral part of the Profit and Loss Account. This is the Profit and Loss Account referred to in our Report of even date.

M.M.RAJORIA  
Chairman

R.S.RATHORE  
Managing Director

P. LAW  
Partner  
Membership No. F 51790

For and on behalf of  
PRICE WATERHOUSE  
Chartered Accountants  
Kolkata, April 16, 2004

M.BALAJI  
Manager Finance &  
Company Secretary

N.H.ITALIA  
Director  
Kolkata, April 16, 2004



## SCHEDULES FORMING PART OF THE BALANCE SHEET

### SCHEDULE - 1 SHARE CAPITAL

	Rs. Lac	Previous Year Rs. Lac
1. AUTHORISED — 1,46,59,400 Equity Shares of Rs.4.50 each and 2,34,03,270 Equity Shares of Rs.10/- each	3,000.00	3,000.00
2. ISSUED , SUBSCRIBED & PAID UP — 1,46,59,400 Equity Shares of Rs. 4.50 each fully paid up 2,09,70,000 Equity Shares of Rs. 10/- each fully paid up	659.67 2,097.00	659.67 2,097.00
TOTAL.....	2,756.67	2,756.67

Note : Of the above :

1,31,93,453 Equity Shares of Rs.4.50 each fully paid up and 2,09,70,000 Equity Shares of Rs.10/- each fully paid up are held by The Associated Cement Companies Limited, the Holding Company.

### SCHEDULE - 2 RESERVES AND SURPLUS

	Balance as at March 31, 2003 Rs.Lac	Additions Rs.Lac	Deductions/ Adjustment Rs.Lac	Balance as at March 31, 2004 Rs.Lac
CAPITAL RESERVE				
i) Capital Subsidy	15.00	—	—	15.00
ii) Others	350.01	—	35.75 *	314.26
TOTAL.....	365.01	—	35.75	329.26

\* Refer Note 2 on Schedule 15.

### SCHEDULE -3 SECURED LOANS

	Rs. Lac	Previous Year Rs. Lac
1. TERM LOANS FROM FINANCIAL INSTITUTIONS (Secured by a joint equitable mortgage on immovable properties and hypothecation of movable assets subject to specific charge in favour of Bankers and guaranteed by the Holding Company).	—	84.20
2. CASH CREDIT FROM BANKS (Secured by hypothecation of stocks and book debts, both present and future , ranking <i>pari passu inter se</i> and guaranteed by the Holding Company).	748.07	627.85
TOTAL.....	748.07	712.05

### SCHEDULE - 4 UNSECURED LOANS

	Rs.Lac	Previous Year Rs.Lac
TERM LOANS :		
a) Loan from The Associated Cement Companies Limited, the Holding Company (Repayable within one year Rs.60.00 Lac)	60.00	300.00
TOTAL.....	60.00	300.00

### SCHEDULE - 5 FIXED ASSETS

	GROSS BLOCK - At Cost			DEPRECIATION			NET BLOCK		
	As at 31st March, 2003	Additions during the year	Sales/ Adjust- ments during the year	As at 31st March, 2004	As at 31st March, 2003	For the year 2003	On Sales/ Adjust- ments during the year	As at 31st March, 2004	As at 31st March, 2003
1. Land									
a) Freehold	11.93	—	—	11.93 (a)	—	—	—	11.93	11.93
b) Leasehold	99.44	—	—	99.44	99.44	—	—	99.44	—
2. Buildings on :									
a) Freehold Land	1,784.74	0.45	—	1,785.19	517.98	50.14	—	568.12	1,217.07
b) Leasehold Land	8.75	—	—	8.75	2.13	0.14	—	2.27	6.48
3. Railway Siding	436.67	—	—	436.67	268.55	20.74	—	289.29	147.38
4. Aerial Ropeway	241.21	—	—	241.21	241.21	—	—	241.21	—
5. Plant & Machinery	3,046.33	2.13	14.43	3,034.03	1,469.00	155.25	2.51	1,621.74	1,412.29
6. Electrical Installation	680.24	—	—	680.24	276.69	35.92	—	312.60	367.63
7. Office Equipment	65.13	5.62	5.35	65.40	33.11	8.27	5.15	36.23	29.17
8. Furniture & Fixture	28.66	1.27	1.87	28.06	21.35	1.70	1.87	21.18	6.88
9. Vehicles	19.98	—	—	19.98	6.39	1.74	—	8.14	11.85
10.Machinery Spares	42.91	19.92	—	62.83 (b)	10.74	8.15	—	18.89	43.94
Total	6,465.99	29.39	21.65	6,473.73	2,946.59	282.05	9.53	3,219.11	3,254.62
PREVIOUS YEAR	6,341.74	131.32	7.07	6,465.99	2,650.02	300.77	4.20	2,946.59	3,519.40

Notes :

- (a) Includes Rs. 4.24 lac (Previous year Rs. 4.24 lac) which is yet to be registered in the name of the Company.  
(b) Transferred from Stores & Spares in keeping with Accounting Standard (AS) 2 (Revised) issued by the Institute of Chartered Accountants of India (ICAI), which is mandatory effective from the accounting period commencing on or after 1st April, 1999.

### SCHEDULE - 6 INVENTORIES

	Rs. Lac	Previous Year Rs. Lac
1. RAW MATERIALS ..... ( Including in transit Rs.110.29 Lac, Previous year - Rs.176.24 Lac)- at Cost	445.58	305.39
2. SEMI-FINISHED GOODS - ..... (at Lower of Cost and Net Realisable Value)	84.61	166.64
3. FINISHED GOODS - ..... (at Lower of Cost and Net Realisable Value)	6.22	14.92
4. COAL - at Cost .....	4.84	9.44
5. PACKING MATERIALS - at Cost .....	41.30	51.75
6. STORES AND SPARES .....	0.53	0.13
7. TOOLS AND TACKLES .....		
TOTAL.....	1,115.10	1,300.20

### SCHEDULE - 7 SUNDRY DEBTORS

	Rs. Lac	Previous Year Rs. Lac
UNSECURED		
a) Over six months Considered Doubtful .....	82.61	82.61
b) Less : Provision for Doubtful Debts .....	82.61	82.61
TOTAL.....	—	—

### SCHEDULE - 8 CASH AND BANK BALANCES

	Rs. Lac	Previous Year Rs. Lac
1. CASH ON HAND .....	6.07	4.50
2. WITH SCHEDULED BANKS — On Current Accounts .....	1.43	1.03
TOTAL.....	7.50	5.53

### SCHEDULE - 9 LOANS AND ADVANCES

	Rs. Lac	Rs. Lac	Previous Year Rs. Lac
UNSECURED, CONSIDERED GOOD, UNLESS OTHERWISE STATED			
1. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED			
a) Considered Good .....	137.56		263.86
b) Considered Doubtful .....	47.29		49.93
	184.85		313.79
c) Less : Provision for Doubtful Advances .....	47.29		49.93
	137.56		263.86
2. SECURITY AND OTHER DEPOSITS			
a) Considered Good .....	2.22		1.90
b) Considered Doubtful .....	11.84		11.84
	14.06		13.74
c) Less : Provision for doubtful deposits .....	11.84		11.84
	2.22		1.90
3. ADVANCE PAYMENT OF TAX .....	59.95		86.80
4. BALANCE WITH EXCISE AUTHORITIES .....	0.30		19.18
TOTAL.....	200.03		371.74

### SCHEDULE - 10 CURRENT LIABILITIES

	Rs. Lac	Previous Year Rs. Lac
1. SUNDRY CREDITORS — Amount due to Small Scale Industrial (SSI) Undertakings — Amount due to creditors other than SSI undertakings (See Note below) .....	—	—
2. ADVANCE FROM CUSTOMERS & OTHERS .....	1,397.34	2,397.74
3. DUES TO EMPLOYEES .....	16.39	12.29
4. OTHER LIABILITIES .....	31.22	30.94
	70.36	71.03
TOTAL.....	1,515.31	2,512.00

Note :

Includes Rs. 825.17 Lac (Previous year-Rs.1886.14 Lac ) due to the Associated Cement Companies Limited ,the Holding Company

### SCHEDULE - 11 PROVISIONS

	Rs. Lac	Previous Year Rs. Lac
1. Taxation .....	69.00	45.55
2. Leave Encashment .....	23.51	14.06
TOTAL.....	92.51	59.61



## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

### SCHEDULE - 12 OTHER INCOME

1. INTEREST (Gross) .....	
(Tax deducted at source - Rs. Nil - previous year - Rs. Nil)	
2. MISCELLANEOUS INCOME .....	
Including Recovery of Rent Rs. 0.14 Lac ( Previous year Rs. 0.15 Lac) Including Interest on Loan to Employees Rs.1.78 Lac (Previous Year Rs.1.02 Lac)	
3. LIABILITIES / PROVISIONS NO LONGER REQUIRED WRITTEN BACK	
a) Other Liabilities .....	
b) Doubtful Debts /Advances .....	
TOTAL.....	

Rs. Lac	Rs. Lac	Previous Year Rs. Lac
	7.00	—
	25.05	13.36
1.48		1.12
2.64		0.86
	4.12	1.98
	36.17	15.34

### SCHEDULE -13 MANUFACTURING AND OTHER EXPENSES

1. RAW MATERIALS CONSUMED	
a) Opening Stock .....	
b) Add : Purchases .....	
c) Less: Closing Stock .....	
2. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES	
a) Salaries,Wages & Bonus .....	
(Including early separation compensation Rs.8.07 Lac, Previous year Rs. 13.82 Lac)	
b) Contributions to Provident and Other Funds .....	
c) Staff Welfare Expenses .....	
3. PACKING MATERIALS CONSUMED .....	
4. OPERATION AND OTHER EXPENSES	
a) Stores and Spares Consumed .....	
b) Power and Fuel .....	
c) Rent .....	
d) Rates and taxes .....	
e) Insurance .....	
f) Repairs to :	
i) Plant & Machinery .....	
ii) Buildings .....	
iii) Others .....	
g) Other Production Expenses .....	
h) Tools and Tackles written off .....	
i) Travelling Expenses .....	
j) Motor Car Expenses .....	
k) Directors' Meeting Fees .....	
l) Telephone,Telex,Telegram and Postage .....	
m) Printing and Stationery .....	
n) Stores/Bad Debts/Advances Written off .....	
o) Provisions for Doubtful Debts /Advances .....	
p) Miscellaneous Expenses (Net) .....	
5. Loss on Fixed Assets sold / discarded .....	
6. (INCREASE )/DECREASE IN STOCKS	
a) Opening Stock :	
i) Semi-finished Goods .....	
ii) Finished Goods .....	
b) Closing Stock :	
i) Semi-finished Goods .....	
ii) Finished Goods .....	
7. ADJUSTMENT FOR OWN CONSUMPTION OF CEMENT ON ACCOUNT OF CAPITAL JOBS, REPAIRS, ETC. ....	
TOTAL.....	

Rs. Lac	Rs. Lac	Previous Year Rs. Lac
751.93		530.73
6,874.03		5,851.50
7,625.96		6,382.23
532.02		751.93
	7,093.94	5,630.30
604.72		599.94
45.26		51.58
16.64		20.09
	666.62	671.61
	401.36	344.39
64.47		50.59
941.95		792.76
0.56		0.62
256.56		11.37
15.80		17.10
148.27		107.75
15.52		8.65
35.37		25.07
2.56		1.48
0.72		0.42
8.17		10.34
15.12		15.95
0.01		0.01
3.40		3.00
1.45		1.94
3.99		9.76
-		5.03
20.62		57.27
1,534.54		1,119.11
12.11		2.38
305.39		304.60
166.64		155.71
472.03		460.31
445.58		305.39
84.61		166.64
530.19		472.03
(58.16)		(11.72)
(0.10)		(2.95)
9,650.31		7,753.12

### SCHEDULE-14 INTEREST

1. Term Loans .....	
2. Cash Credit from Banks .....	
3. Others .....	
TOTAL.....	

Rs. Lac	Previous Year Rs. Lac
19.74	57.08
64.97	68.77
109.36	185.62
194.07	311.47

### SCHEDULE – 15 NOTES ON ACCOUNTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### A. Sales :

Sales are accounted on despatch of products.

##### B. Excise Duty :

Excise Duties recovered are included in the gross sale of products. Excise Duty paid on despatches are shown by way of deduction from sales in the accounts.

##### C. Accounting of Claims and Subsidies :

- Claims receivable are accounted at the time of lodgment depending on the certainty of receipt and claims payable are 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 the merits of each claim. Adjustments, if any, are made in the year in which disputes are finally settled.
- Subsidy receivable against an expense is deducted from such expense and subsidy/grant receivable against a specific fixed asset is deducted from the cost of the relevant fixed asset.
- Investment Subsidy not specifically related to a fixed asset is credited to Capital Reserve and retained till the requisite conditions are fulfilled.

##### D. Retirement Benefits :

- Contribution towards Provident Fund is made on monthly basis to the appropriate Government Authority. Contribution towards Gratuity Fund is made to the Life Insurance Corporation of India under Group Gratuity Scheme on yearly basis, based on actuarial valuation. Contribution to Officers' Superannuation Fund is also made to the Life Insurance Corporation of India.
- Liability for Leave encashment is provided annually based on actuarial valuation.

##### E. Fixed Assets :

- Fixed assets are stated at cost of acquisition or construction including interest and financial costs on specific loans till such assets are put to use, less specific grants/subsidies received.
- Machinery spares which can be used only in connection with an item of fixed asset and their use is expected to be irregular are treated as Fixed Assets. The cost of such items is amortised over the life of the related asset. Also refer to Note (b) on Schedule 5.
- Depreciation is provided on the straight-line method at rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- Cost of leasehold land is amortised over a period of 10 years from the date of commercial production irrespective of the period of the lease.

##### F. Expenditure During Construction Period :

In case of new projects and substantial expansion of existing factory, expenditure incurred prior to commencement of commercial production is capitalised.

##### G. Borrowing Costs :

Borrowing costs attributable to the acquisition and construction of qualifying assets are added to the costs of such assets up to the date when such assets are ready for their intended use. Other borrowing costs are recognised as expense in the period in which they are incurred.

##### H. Inventories :

- Raw materials, coal, packing materials and stores and spares are valued at cost. Cost is determined on a weighted average basis and is net of CENVAT credit.
- Semi-finished goods are valued at cost or net realisable value



whichever is lower. Cost is determined on a weighted average basis.

(iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost is determined on a weighted average basis and is inclusive of excise duty payable thereon on clearance.

iv) Tools and tackles are written off over a period of three years.

#### I. Taxation :

Current tax is determined as the amount of tax payable in respect of taxable income for the year based on applicable tax rates and laws.

Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. 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 to reassess realisation / liabilities.

#### J. Contingent Liabilities :

Contingent liabilities are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

2. Interest liability in respect of Loans from Financial Institutions had been waived during the Financial year 1996-97 pursuant to the Revival/ Rehabilitation Scheme sanctioned by BIFR in August 1996. This included a sum of Rs. 646.78 lac representing interest capitalised in earlier years which was transferred to Capital Reserve (Others) during the aforesaid financial year. As in the previous years, depreciation on the said amount has been transferred from Capital Reserve to Profit and Loss Account over the remaining life of the respective assets which for the current year worked out to Rs. 35.75 lac.

	For the year ended March 31,2004 Rs.Lac	For the year ended March 31,2003 Rs.Lac
3. Managing Director's Remuneration (included in Schedule-13)		
Salaries	4.30	2.80
Other Benefits	1.81	1.74
	<u>* 6.11</u>	<u>4.54</u>

\* Includes Rs.0.32 lac awaiting Shareholders' approval.

	For the year ended March 31,2004 Rs.Lac	For the year ended March 31,2003 Rs.Lac
4. Stores consumption included under other heads of account is as follows :		
i) Repairs to -		
a. Plant and Machinery	123.76	83.53
b. Building	0.21	1.04
c. Others	6.07	3.68
ii) Power and Fuel	1.23	2.00
iii) Motor Car Expenses	0.09	0.11
	<u>131.36</u>	<u>90.36</u>

#### 5. Contingent liabilities not provided for :-

Claims against the Company not acknowledged as debts

	As at March 31,2004 Rs.Lac	As at March 31,2003 Rs.Lac
— Excise Demands disputed in appeals	34.83	69.57
— Other Claims	5.04	4.02

6. Estimated amount of contracts remaining to be executed on capital accounts not provided for ( net of advances )

	As at March 31,2004 Rs.Lac	As at March 31,2003 Rs.Lac
	20.08	20.98

#### 7. Miscellaneous expenses include amounts paid / payable to :-

##### a) Statutory Auditors :

	For the year ended March 31,2004 Rs.Lac	For the year ended March 31,2003 Rs.Lac
i) Audit fees .....	1.60	1.60
ii) Tax Audit fees .....	0.70	0.70
iii) Other Services ( Certificates, etc. ) .....	0.57	0.60
iv) Reimbursement of Expenses (including ServiceTax Rs.0.25 lac Previous Year Rs.0.15 lac) .....	0.45	0.35
	<u>3.32</u>	<u>3.25</u>

##### b) Cost Audit :

	For the year ended March 31,2004 Rs.Lac	For the year ended March 31,2003 Rs.Lac
i) Audit fees .....	0.15	0.15
ii) Reimbursement of Expenses (including Service Tax Rs. 0.01 lac Previous Year Rs.0.01 lac) .....	0.04	0.03
	<u>0.19</u>	<u>0.18</u>
	<u>3.51</u>	<u>3.43</u>

##### c) Excise Duty on Closing Stock - Net Charges

	For the year ended March 31,2004 Rs.Lac	For the year ended March 31,2003 Rs.Lac
	<u>(15.47)</u>	<u>4.49</u>

#### 8. Basic and diluted Earnings / (loss) Per share

##### (i) Basic

(a) Number of Equity Shares outstanding during the year		
Equity Shares of Rs.4.50 each fully paid-up	14,659,400	14,659,400
Equity Shares of Rs.10.00 each fully paid-up	20,970,000	20,970,000
Weighted average number of Equity Shares adjusted to equivalent face value of Rs.10.00 each .....	27,566,730	27,566,730
[(14659400 x 4.50 / 10) + 20970000]		
(b) Profit / (Loss) after tax attributable to Equity Shareholders - Rs. Lac .....	519.30	232.26
Basic Earnings / (Loss) per Share of :		
Rs.10.00 each	1.88	0.84
Rs. 4.50 each	0.85	0.38
(ii) Diluted Earnings / (Loss) Per Share of :		
Rs.10.00 each	1.88	0.84
Rs. 4.50 each	0.85	0.38

#### 9. INFORMATION PURSUANT TO PROVISIONS OF PARAGRAPHS 3,4C AND 4D OF SCHEDULE VI TO THE COMPANIES ACT,1956

(A) Sales	Unit	2003-2004	2002-2003
		Quantity	Rs. Lac
Cement	Tonnes	*470,094	12545.66
		Quantity	Rs. Lac
		*395,265	9,970.72

\* Excluding own consumption of Cement of 5 Tonnes valued at Rs.0.10 lac (Previous year 130 Tonnes valued at Rs.2.95 lac) for capital jobs, repairs etc.

(B) Details of Raw Materials Consumed	Unit	2003-2004	2002-2003
		Quantity	Rs.Lac
i) Clinker	Tonnes	251,835	5,680.52
ii) Gypsum	Tonnes	20,571	312.55
iii) Slag	Tonnes	238,030	1,100.87
		<u>7,093.94</u>	<u>5,630.30</u>

#### (C) Particulars in respect of Licensed and Installed Capacities, Production etc.

Unit	Licensed Capacity	Installed Capacity per annum on triple shift basis as at 31st March as certified by the Management	2003-2004	2002-2003
		2004	2003	
Cement	Tonnes	Does not come under the purview of Licensing provisions of Industries (Development & Regulation) Act,1951	525000	525000
			466,228	395,410

#### (D) Particulars in respect of Opening and Closing Stock of Finished Goods

	Opening Stock as at				Closing Stock as at				
	April 1, 2003			April 1, 2002		March 31, 2004		March 31, 2003	
	Unit	Quantity	Rs.Lac	Quantity	Rs. Lac	Quantity	Rs. Lac	Quantity	Rs. Lac
Cement	Tonnes	7,548	*166.64	7,533	155.71	3,677	*84.61	7,548	*166.64

\* Including Excise Duty of Rs.14.71 lac (Previous year Rs. 30.18 lac)

\* Including Excise Duty of Rs.14.71 lac (Previous year Rs. 30.18 lac)





(E) Value of Imported and Indigenous Raw Materials, Stores and Spare Parts consumed - Raw Materials

	2003-2004	%	2002-2003	%	2003-2004	%	2002-2003	%
	Rs. Lac		Rs. Lac		Rs. Lac		Rs. Lac	
i) Imported	—	—	—	—	—	—	—	—
ii) Indigenous	7093.94	100.00	5630.30	100.00	195.83	100.00	140.95	100.00
	<u>7093.94</u>	<u>100.00</u>	<u>5630.30</u>	<u>100.00</u>	<u>195.83</u>	<u>100.00</u>	<u>140.95</u>	<u>100.00</u>

10. The Company is engaged in single segment business of manufacture and sale of cement in and around West Bengal.

11. Related Party Disclosures pursuant to Accounting Standard 18 issued by the Institute of Chartered Accountants of India :

(i) Particulars of Related Parties which control or are under common control with the Company:

Name	Nature of Relationship
The Associated Cement Companies Limited	Holding Company
ACC Machinery Company Limited	Fellow Subsidiary
ACC Nihon Castings Limited	Fellow Subsidiary
Cement Marketing Company of India Limited	Fellow Subsidiary
Bulk Cement Corporation (India) Limited	Fellow Subsidiary
Everest Industries Limited	Fellow Subsidiary
Bargah Cement Limited	Fellow Subsidiary
Almatis ACC Limited	Associate of the Holding Company

(ii) Others -

R.S.Rathore, Managing Director Key Management Personnel.

(iii) Transactions with Related Parties during the year :

(a) The Associated Cement Companies Limited, Holding Company

	For the year ended March 31, 2004 Rs. Lac	For the year ended March 31, 2003 Rs. Lac
Purchase of Raw Materials	5,989.63	4,965.49
Purchase of Fixed Assets	—	1.15
Purchase of Spares	0.03	—
Reimbursement of Cost of Assets	0.14	—
Reimbursement of Cost of Raw Materials	168.71	176.45
Other Expenses	41.03	42.44
Receipt of Term Loan(Unsecured)	—	300.00
Repayment of Term Loan	240.00	—
Advance for Supply of Materials	—	76.71
Advance against Expenses	0.21	0.20
Sale of Cement	12,545.66	9,970.72
Sale of Stores / Scrap etc.	—	2.08
Interest on Term Loan	13.34	7.89
Interest on Current Account Balance	105.01	185.49
Advance paid against Expenses	—	0.50
Corporate Guarantees issued by Holding Company	1,006.67	1,465.00
Balance outstanding at the year end :		
— Sundry Creditors (Refer Note on Schedule 10)	825.17	1,886.14
— Unsecured Term Loan	60.00	300.00

(b) Bargah Cement Limited, Fellow Subsidiary

Purchase of Raw Materials 56.87 —

(c) Remuneration to Key Management Personnel

6.11 4.54

	As at March 31, 2004	Deferred Tax Liability Rs.Lac
Deferred Tax Assets Rs.Lac		

12. Year-end Deferred Tax balance comprises the following:

	Timing difference on account of :	
a) Depreciation as per tax and books	—	616.30
b) Carry Forward of Business Losses (Note below)	21.56	—
c) Unabsorbed Depreciation (See Note below)	481.01	—
d) Others	49.13	—
	<u>551.70</u>	<u>616.30</u>
Net Deferred Tax Liability	<u>64.60</u>	

Note :

Deferred Tax Asset on account of unabsorbed depreciation/carry forward business losses to the extent considered reasonable has been recognised in these accounts as the Company is of the opinion that there is virtual certainty of realisation of the same in view of the upward trend in performance / profitability of the Company and certain other favourable factors.

13. Details of disputed Excise Duty demand unpaid as at 31st March, 2004 :

Nature	Period	Forum at which the disputes are pending	Amount Rs. Lac
Excise Duty	1999-2000	Commissioner (Appeals), Central Excise	20.52
Excise Duty	2000-2001	Commissioner (Appeals), Central Excise	13.71
Excise Duty	2001-2002	Commissioner (Appeals), Central Excise	0.60
			<u>34.83</u>

14. Previous year's figures have been regrouped and rearranged wherever necessary.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004**

	Rs. lac	Previous Year Rs. lac
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit / (loss) before taxation	610.77	253.26
Adjustments for :		
Depreciation	246.30	265.02
Interest expense	194.07	311.47
Provision for Leave Encashment	9.45	6.62
Liabilities no longer required written back	(1.48)	(1.12)
Provision for Doubtful Debts/Advances written back	(2.64)	(0.86)
Loss on Fixed Assets sold/discarded (Net)	12.11	2.38
Interest Income	(8.78)	(1.02)
Provision for Doubtful Debts /Advances	—	5.03
Stores written off	3.99	9.76
Operating profit before working capital changes	1,063.79	850.54
Adjustments for :		
Trade and other receivables	147.30	(104.62)
Inventories	181.31	(223.98)
Trade payables	(991.38)	(82.52)
Cash generated from operations	401.02	439.42
Refund of Direct Tax Including Interest	50.44	—
Direct taxes paid	(20.00)	(22.95)
NET CASH FROM OPERATING ACTIVITIES	431.46	416.47
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(37.57)	(114.93)
Sale of fixed assets	—	0.49
Interest received	1.78	1.02
NET CASH USED IN INVESTING ACTIVITIES	(35.79)	(113.42)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Long Term Borrowings	(84.20)	(384.25)
Proceeds/(Repayment) from Short Term borrowings	120.22	95.70
Receipt/(Repayment) of Long Term Borrowing from the Holding Company	(240.00)	300.00
Interest paid	(189.72)	(311.47)
NET CASH USED IN FINANCING ACTIVITIES	(393.70)	(300.02)
NET CHANGES IN CASH & CASH EQUIVALENTS	1.97	3.03
CASH AND CASH EQUIVALENTS - OPENING	5.53	2.50
CASH AND CASH EQUIVALENTS - CLOSING	7.50	5.53

Notes :

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India, which has become applicable to the Company effective from the accounting period commencing on or after 1st April, 2001.
- Cash and Cash Equivalents represent Cash and Bank Balances as at 31st March, 2004. (Refer Schedule 8 to Balance Sheet)
- Previous year's figures have been regrouped and rearranged wherever necessary.

This is the Cash Flow Statement referred

to in our Report of even date.

For and on behalf of the Board,

P. Law  
Partner  
Membership No. F 51790

M. M. Rajoria  
Chairman

R.S.Rathore  
Managing Director

For and on behalf of  
PRICE WATERHOUSE  
Chartered Accountants

M. Balaji  
Manager Finance &  
Company Secretary

N. H. Italia  
Director

Kolkata, April 16, 2004

Kolkata, April 16, 2004

