



CONSOLIDATED GROUP OPERATING RESULTS AND NET WORTH - EXPLANATORY STATEMENT

CONSOLIDATED GROUP OPERATING RESULTS FOR THE YEAR ENDED MARCH 31, 2004

	Current year		Previous Year
	Rs. Crore	Rs. Crore	Rs. Crore
ACC's Net Profit		200.24	103.89
Add: Pro-rata share of profits / losses of Subsidiaries -			
ACC Machinery Co. Ltd.	2.31		0.11
ACC - Nihon Castings Ltd.	(1.72)		1.64
Bulk Cement Corporation (India) Ltd.	1.40		1.34
Damodhar Cement & Slag Ltd.	5.07		2.27
Everest Industries Ltd. (Formerly known as Eternit Everest Ltd.)	46.71		6.05
Bargarh Cement Ltd.	2.28		—
		56.05	11.41
Add: Pro-rata share of profits / losses of Associates -			
Almatis ACC Ltd.	(0.01)		0.41
(Formerly known as Alcoa - ACC Industrial Chemicals Ltd.)			
International Ferrites Ltd.	—		(1.16)
ACC Rio Tinto Exploration Ltd.	—		(0.28)
		(0.01)	(1.03)
Less: Dividend received from Subsidiary/Associates reversed in consolidation ...		37.45	—
Add: Adjustment for contingency provision made in ACC's books to cover			
loss of Subsidiary / Associate Companies reversed in consolidation		4.31	3.75
Add: Adjustment on sale of shares in International Ferrites Ltd. -			
Investment recorded in Consolidated books under Equity method		—	6.39
Less: Amortization of Goodwill on acquisition of Subsidiary and			
Investment in Associates		4.23	1.56
Add : Other adjustments (Net) #		1.22	(1.50)
ACC Group's Net Profit		220.13	121.35

CONSOLIDATED GROUP NET WORTH AS AT MARCH 31, 2004

	Current year		Previous Year
	Rs. Crore	Rs. Crore	Rs. Crore
ACC's Net Worth		1318.43	1024.21
Add: Net-worth as per balance sheet of subsidiary companies -			
ACC Machinery Co. Ltd.	4.01		1.62
ACC - Nihon Castings Ltd.	1.11		2.08
Bulk Cement Corporation (India) Ltd.	35.92		33.90
Damodhar Cement & Slag Ltd.	20.97		16.13
Everest Industries Ltd.	95.29		87.62
Bargarh Cement Ltd.	93.58		—
	250.88		141.35
Add: Proposed Dividend of Everest Industries Ltd.	3.70		4.44
	254.58		145.79
Less: Pro-rata share of Minority Shareholders interest in the			
Net Worth of Subsidiary companies	35.08		32.70
Less: ACC's share in pre-acquisition Net Worth of Subsidiary companies	217.28		126.05
ACC's share in post-acquisition Net Worth of Subsidiary companies		2.22	(12.96)
Add: Cumulative contingency provision made in ACC's books to cover			
loss of Subsidiary/Associate Companies reversed in consolidation		45.06	40.75
Add: Capital Reserve on acquisition of Everest Industries Ltd.		30.23	30.23
Less: Goodwill in Subsidiary companies		127.69	15.62
Less: Amortisation of Goodwill and Profit/Loss of Associate companies		4.23	5.07
Add: Other adjustments (Net) #		(3.88)	(4.14)
ACC Group's Net Worth		1260.14	1057.40
# Other adjustments relate to elimination of unrealised profit / loss on			
inter-company transactions, etc.			



AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the attached Consolidated Balance Sheet of The Associated Cement Companies Limited and its subsidiaries (the ACC Group), as at March 31, 2004 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of The Associated Cement Companies Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the 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. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 154.45 Crores as at March 31, 2004, total revenues of Rs. 307.72 Crores and net cash flows from operating activities amounting to Rs. 26.15 Crores and of an associate which reflect the Group's share of loss, of Rs. 0.01 Crores, for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, is based solely on the reports of the other auditors.

4. We report that the consolidated financial statements have been prepared by The Associated Cement Companies Limited's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, and Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

5. Based on our audit and on the consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the ACC Group as at March 31, 2004;
- (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the ACC Group for the year ended on that date; and
- (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For A. F. Ferguson & Co.
Chartered Accountants

B.P. Shroff
Partner
Membership No. : 34382

Mumbai : May 5, 2004

For K.S. Aiyar & Co.
Chartered Accountants

Raghuvir M. Aiyar
Partner
MembershipNo.: 38128



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2004

	Schedules	Page Nos.	Rs. Crore	Rs. Crore	Previous Year Rs. Crore
I. SOURCES OF FUNDS :					
1. SHAREHOLDERS' FUNDS					
(a) Share Capital	A	103	177.94		171.14
(b) Reserves and Surplus	B	104	1,235.72		952.14
				1,413.66	1,123.28
2. MINORITY INTEREST				35.08	32.70
3. LOAN FUNDS					
(a) Secured Loans	C	105	1,092.32		1,333.75
(b) Unsecured Loans	D	105	303.28		121.31
				1,395.60	1,455.06
4. STOCKISTS' DEPOSITS (UNSECURED)				94.60	92.38
5. DEFERRED TAX LIABILITY (Net)				288.37	248.23
6. TOTAL FUNDS				3,227.31	2,951.65
II. APPLICATION OF FUNDS :					
1. FIXED ASSETS	E	106			
(a) Gross Block			4,444.06		3,964.08
(b) Less- Depreciation			1,660.76		1,400.47
(c) Net Block			2,783.30		2,563.61
(d) Capital Work in Progress, etc.			96.79		87.13
				2,880.09	2,650.74
2. INVESTMENTS	F	107 & 108		57.59	12.72
3. CURRENT ASSETS, LOANS AND ADVANCES					
(a) Inventories	G	109	472.66		416.53
(b) Sundry Debtors	H	110	207.05		178.95
(c) Cash and Bank Balances	I	111	88.47		45.66
(d) Other Current Assets	J	111	3.56		3.15
(e) Loans and Advances	K	112	397.82		304.76
			1,169.56		949.05
4. LESS - CURRENT LIABILITIES AND PROVISIONS					
(a) Sundry Liabilities	L	113	797.93		639.90
(b) Provisions	M	113	121.47		80.35
			919.40		720.25
5. NET CURRENT ASSETS				250.16	228.80
6. MISCELLANEOUS EXPENDITURE	N	113		39.47	59.39
(to the extent not written off or adjusted)					
7. TOTAL ASSETS (NET)				3,227.31	2,951.65
8. NOTES ON ACCOUNTS	O	114 to 124			
Per our report attached			For and on behalf of the Board,		
For A.F.FERGUSON & CO. Chartered Accountants					
B.P. SHROFF Partner	TARUN DAS Chairman	N.S.SEKHSARIA Deputy Chairman	N.A.SOONAWALA AMITABHA GHOSH O.P.DUBEY A.L.KAPUR S.M.PALIA	} Directors	
For K.S. AIYAR & CO. Chartered Accountants	M.L.NARULA Managing Director	A.K.JAIN Whole-time Director			
RAGHUVIR M. AIYAR Partner	P.K.SINOR Whole-time Director & Company Secretary	N.H.ITALIA President Finance			
Mumbai, May 5, 2004					

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

	Schedules	Page Nos.	Rs. Crore	Rs. Crore	Previous Year Rs. Crore
INCOME:					
1. SALE OF PRODUCTS AND SERVICES (Gross)			4,147.69		3,510.89
LESS: EXCISE DUTY RECOVERED			(587.25)		(486.82)
SALE OF PRODUCTS AND SERVICES (Net)				3,560.44	3,024.07
2. OTHER INCOME	1	100		166.94	121.46
3. SHARE OF EARNINGS OF ASSOCIATES				(0.01)	(1.02)
				3,727.37	3,144.51
EXPENDITURE:					
4. MANUFACTURING AND OTHER EXPENSES	2	101 & 102	3,121.82		2,692.24
5. DEPRECIATION			198.95		181.73
6. INTEREST	3	102	98.91		112.97
				3,419.68	2,986.94
				307.69	157.57
7. MINORITY INTEREST				(13.84)	(2.41)
PROFIT/ (LOSS) BEFORE TAXATION AND EXCEPTIONAL ITEMS				293.85	155.16
EXCEPTIONAL ITEMS					
8. WRITE DOWN OF VALUE OF ASSETS				(8.00)	(13.21)
(See Note 14(d), Page 122)					
9. PROVISION FOR CONTINGENCIES (Net)				2.01	—
(See Note - 13, Page 122)					
PROFIT/(LOSS) AFTER EXCEPTIONAL ITEMS BEFORE TAX				287.86	141.95
10. PROVISION FOR TAXATION –					
(I) CURRENT TAX			(27.59)		(11.18)
(II) DEFERRED TAX			(40.14)		(9.42)
				(67.73)	(20.60)
PROFIT/(LOSS) AFTER TAXATION AND EXCEPTIONAL ITEMS				220.13	121.35
11. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR				74.26	13.58
AMOUNT AVAILABLE FOR APPROPRIATION				294.39	134.93
APPROPRIATIONS:					
12. GENERAL RESERVE			25.53		11.72
13. AMORTISATION RESERVE			0.18		0.16
14. PROPOSED DIVIDEND			70.88		42.73
15. TAX ON DISTRIBUTED PROFITS			15.24		6.06
				111.83	60.67
BALANCE CARRIED TO BALANCE SHEET				182.56	74.26
16. NOTES ON ACCOUNTS	O	114 to 124			
17. EARNINGS PER SHARE (See Note 5, Page 120)					
BASIC EARNINGS PER SHARE			Rupees	12.84	7.10
DILUTED EARNINGS PER SHARE			Rupees	12.76	7.09
FACE VALUE PER SHARE			Rupees	10.00	10.00

Per our report attached to the Balance Sheet

For A.F.FERGUSON & CO.
Chartered Accountants

B.P. SHROFF
Partner

For K.S. AIYAR & CO.
Chartered Accountants
RAGHUVIR M. AIYAR
Partner

Mumbai, May 5, 2004

TARUN DAS
Chairman

M.L.NARULA
Managing Director
P.K.SINOR
Whole-time Director &
Company Secretary

For and on behalf of the Board,

N.S.SEKHSARIA
Deputy Chairman

A.K.JAIN
Whole-time Director
N.H.ITALIA
President Finance

N.A.SOONAWALA
AMITABHA GHOSH
O.P.DUBEY
A.L.KAPUR
S.M.PALIA

} Directors



SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

SCHEDULE — 1, OTHER INCOME

Item 2, page 99.

1. INCOME FROM LONG TERM INVESTMENTS - (GROSS)

	For the year ended March 31, 2004 Rs. Crore	Rs. Crore	Previous Year Rs. Crore
(i) Trade	0.05		0.09
(Inclusive of tax deducted at source Rs. Nil - Previous Year Rs. 0.03 Crore)			
(ii) Others			
(Inclusive of tax deducted at source Rs. Nil on Current Investments - Previous Year Rs. 0.01 Crore)	0.09		0.08
		0.14	0.17

2. OTHER INCOME

(a) Sale of Stores, Materials, etc.	8.63		7.89
(b) Excess Provisions made in Previous Years	22.32		13.01
(c) Profit on Sale of Investments	0.78		56.80
(includes for sale of Long Term Investments - Rs. Nil Previous Year Rs. 45.63 Crore)			
(d) Lease Rental Income	8.41		8.29
(e) Profit on Sale of Fixed Assets (Net)	56.05		5.09
(f) Miscellaneous Income	70.61		30.21
(including Gain on Exchange Rs. 42.91 Crore - Previous Year - Rs. 3.82 Crore)		166.80	121.29
TOTAL ..		166.94	121.46

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

SCHEDULE — 2, MANUFACTURING AND OTHER EXPENSES

Item 4, page 99.

	For the year ended March 31, 2004		Previous Year
	Rs. Crore	Rs. Crore	Rs. Crore
1. PURCHASE OF CEMENT AND OTHER PRODUCTS		59.16	66.78
2. RAW MATERIALS, BOUGHT-OUTS, COAL AND OIL FOR KILNS		967.93	867.29
(See Note 32, Page 124)			
3. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES			
(a) Salaries, Wages, Dearness Allowance and Bonus	179.92		160.72
(b) Contributions/Provision to and for Provident and Other Funds	33.32		34.18
(c) Workmen and Staff Welfare Expenses	21.64		20.94
		234.88	215.84
4. PACKING MATERIALS		133.03	123.21
5. OPERATION AND OTHER EXPENSES			
(a) Stores Consumed (See Note 33, Page 124)	39.75		26.23
(b) Purchased Power and Fuel for Power Generation	386.71		364.52
(c) Repairs to Building	4.18		3.60
(d) Repairs to Machinery	118.84		109.71
(e) Repairs to Other Items	47.87		28.77
(f) Rent (after recoveries of Rs. 0.14 Crore - Previous Year Rs. 0.15 Crore)	4.55		5.76
(g) Rates and Taxes (Includes Wealth Tax Rs. 0.72 Crore - Previous Year Rs. 0.80 Crore)	149.41		89.78
(h) Royalties	62.89		59.14
(i) Insurance	10.59		10.97
(j) Loading, Transportation and Other Charges	78.49		68.55
(k) Discount, Rebates and Allowances	58.43		43.45
(l) Commission on Sales	16.49		13.81
(m) Other Expenses	91.85		87.09
(n) Compensation under Voluntary Retirement Scheme	6.44		—
(See Note - 12, Page 121)			
(o) Provision for Bad and Doubtful Debts	6.64		9.21
(p) Loss on Sale of Long Term Investments	0.72		—
(q) Advertisement	36.84		28.29
	1,120.69		948.88
(r) Share/Foreign Currency Convertible Bonds Issue Expenses	9.63		—
(including Audit Fees for Other Services - Rs.0.30 Crore - Previous Year Rs. Nil)			
(s) Debenture Issue Expenses	0.04		0.76
	9.67		0.76
Less : Amount adjusted against Securities Premium Account	9.67		0.76
		1,120.69	948.88
6. OUTWARD FREIGHT CHARGES ON CEMENT ETC.		497.77	437.71
7. EXCISE DUTIES		52.65	24.91
8. PAYMENT TO AUDITORS			
(a) Audit Fees	0.98		0.83
(includes Cost Audit fees - Rs. 0.01 Crore - Previous Year Rs. 0.01 Crore)			
(b) Fees for Taxation matters (includes Tax Audit Rs. 0.16 Crore - Previous Year Rs. 0.13 Crore)	0.27		0.13
(c) Fees for Other Services (See item 5(r) above)	0.16		0.10
(d) Reimbursement of expenses	0.10		0.14
		1.51	1.20
Total Carried Over . .		3,067.62	2,685.82

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE — A, SHARE CAPITAL

Item I- 1(a), page 98.

		As at March 31, 2004		Previous Year
		Rs. Crore	Rs. Crore	Rs. Crore
1. AUTHORISED -				
22,50,00,000	Equity Shares of Rs. 10 each	225.00		225.00
10,00,00,000	Preference Shares of Rs. 10 each	100.00		100.00
			325.00	325.00
2. ISSUED -				
17,82,43,883	Equity Shares of Rs. 10 each		178.24	171.98
	(Previous Year - 17,19,78,749 Shares of Rs. 10 each)			
3. SUBSCRIBED -				
7,83,10,452	Equity Shares of Rs. 10 each, fully paid	78.31		72.65
	(Previous Year 7,26,54,000 Shares of Rs. 10 each)			
	(56,56,000 Shares representing 56,56,000 Global Depository Shares issued during 2003-2004 pursuant to Global Depository Offerings by the Company)			
	Add : 3,84,060 Equity Shares of Rs 10 each Forfeited - Amount Paid	0.20		0.20
	(Previous Year 3,84,060 Equity Shares of Rs. 10 each)			
			78.51	72.85
8,60,358	Share Application Money received but not allotted		0.54	0.01
	Equity Shares of Rs 10 each, fully paid allotted against exercise of Stock Options under the Employees Stock Option Scheme (ESOS) 2000 , 2001 and 2002		0.86	0.25
	(Previous Year - 2,51,224 Shares of Rs. 10 each)			
60,72,640	Equity Shares of Rs. 10 each, fully paid for consideration other than cash pursuant to contracts		6.07	6.07
9,19,52,080	Equity Shares of Rs. 10 each, fully paid by way of Bonus Shares		91.96	91.96
The Company has granted to the sole arrangers of the GDSs issue Viz. Citigroup Global Markets Inc. an option to subscribe upto 8,06,000 GDSs (each GDS comprising one equity share of Rs. 10 each) @ US\$ 6.19 per GDS. The option was exercised on April 7, 2004.				
US\$ 60 Million Foreign Currency Convertible Bonds carry an option of converting the Bonds into Shares/GDS aggregating around 72,50,000 at the option of the Bondholders at any time till March 8, 2009. (See Note 7. Page 120 & 121)				
Options granted as of March 31, 2004 under Employees Stock Options Schemes - 20,43,192 Shares - (Previous Year - 20,36,726 Shares).				
ESOS 2000 - Options vested and exercisable @ Rs 108/- per share till November 07, 2005 - 2,74,850 Shares (Previous Year - 6,01,900 Shares)				
ESOS 2001 - Options vested and exercisable @ Rs 127/- per share till October 30, 2007 - 2,20,637 Shares (Previous Year - 1,68,848 Shares).				
ESOS 2001 - Unvested Options exercisable @ Rs 127/- per share between October 31, 2004 and October 30, 2010 depending on vesting date - 3,00,100 Shares (Previous Year - 4,97,478 Shares)				
ESOS 2002 - Vested Options exercisable @ Rs. 140/- per share till September 18, 2007 - 6,07,505 Shares - (Previous Year - 7,68,500 Shares)				
ESOS 2003 - Unvested Options exercisable @ Rs. 225/- per share between December 17, 2004 and December 16, 2008 - 6,40,100 Shares (Previous.. Year - Nil)				
TOTAL ..			177.94	171.14



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE — B, RESERVES AND SURPLUS

Item I- 1(b), page 98.

	As at March 31, 2004		Previous Year
	Rs. Crore	Rs. Crore	Rs. Crore
1. CAPITAL RESERVE	0.51		0.60
Add — Credited during the year	—		0.27
Less — Deductions / Adjustments	(0.34)		(0.36)
		0.17	0.51
2. CAPITAL RESERVE (on investment in subsidiary)		30.23	30.23
3. SECURITIES PREMIUM	368.61		367.97
Add — Received during the year	159.52		1.40
	528.13		369.37
Less — Share/Foreign Currency Convertible Bonds Issue Expenses	(9.63)		—
(Refer Sch 2, Item 5(r), Page 101)			
Debentures Issue Expenses	(0.04)		(0.76)
(Refer Sch 2, Item 5(s), Page 101)	(9.67)		(0.76)
		518.46	368.61
4. GENERAL RESERVE	322.24		310.52
Add — Amount transferred from Profit and Loss Account	25.53		11.72
		347.77	322.24
5. DEBENTURE REDEMPTION RESERVE		151.63	151.63
6. AMORTISATION RESERVE	4.38		4.22
Add — Amount transferred from Profit and Loss Account	0.18		0.16
		4.56	4.38
7. EMPLOYEE STOCK OPTIONS OUTSTANDING	0.52		0.42
Less — Employees Stock Option Compensation to be written off	(0.18)		(0.14)
		0.34	0.28
8. PROFIT AND LOSS ACCOUNT		182.56	74.26
TOTAL ..		1,235.72	952.14

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE — C, SECURED LOANS

Item I— 3(a), page 98.

	As at March 31, 2004 Rs. Crore	Rs. Crore	Previous Year Rs. Crore
1. PRIVATELY PLACED NON-CONVERTIBLE DEBENTURES		650.00	750.00
Secured by way of a mortgage on certain immovable properties and hypothecation of all movable assets except book debts under the respective Debenture Trust Deeds			
2. AMOUNTS DRAWN AGAINST CASH CREDIT ACCOUNTS WITH BANKS... (including Working Capital Demand Loan Rs. 3 Crore - <i>Previous Year</i> Rs. 306 crore)		54.40	319.11
Secured by hypothecation of Stocks, Stores, Book Debts, etc.			
3. RUPEE LOANS -			
(a) Secured by a Joint Equitable Mortgage on certain immovable properties and hypothecation of all movable assets except book debts -			
(i) Financial Institutions	—		0.84
(ii) Banks	—		11.00
	—		11.84
(b) Secured by a Mortgage on certain immovable properties - Housing Development Finance Corporation Ltd.	4.93		9.43
(c) Secured by hypothecation of all movable assets created and ought to be created - G E Capital Services India	16.88		21.38
		21.81	42.65
4. FOREIGN CURRENCY LOANS -			
Secured / to be secured by a Joint Equitable Mortgage on certain immovable properties and hypothecation of all movable assets except book debts -			
Banks		366.11	221.99
TOTAL ..		1,092.32	1,333.75

Notes :- The mortgages/charges indicated in 1 and 4 above rank *pari-passu inter se* and are subject to the prior charges in favour of Company's Bankers on specified movable assets for securing working capital requirements/guarantee facilities.

SCHEDULE — D, UNSECURED LOANS

Item I— 3(b), page 98.

	As at March 31, 2004 Rs. Crore	Rs. Crore	Previous year Rs. Crore
1. FIXED DEPOSITS		17.24	37.37
(Repayable within a year - Rs 17.24 Crore - <i>Previous Year</i> - Rs. 21.95 Crore)			
2. COMMERCIAL PAPER (Maximum balance during the year Rs. 165 Crore - <i>Previous Year</i> Rs. 310 Crore)		—	30.00
3. LONG TERM LOANS			
Financial Institutions	3.17		6.07
Others	1.73		3.04
		4.90	9.11
4. SHORT TERM LOANS			
(a) Rupee Loan	—		10.00
(b) Foreign Currency Loan	—		23.86
		—	33.86
5. FOREIGN CURRENCY CONVERTIBLE BONDS		262.38	—
(See Note 7, Page 120 & 121)			
6. DEFERRED PAYMENT LIABILITY - IDC OF ORISSA		13.68	—
7. DEFERRED SALES TAX LOANS		5.08	10.97
TOTAL		303.28	121.31



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE — E, FIXED ASSETS

Item II - 1, Page 98.

FIXED ASSETS	GROSS BLOCK AT COST				TOTAL DEPRECIATION		NET BLOCK	
	As at 31-3-2003	Additions/ Adjustments	Deductions/ Adjustments	As at 31-3-2004	For the Year 2003-2004	Upto 31-3-2004	As at 31-3-2004	As at 31-03-2003
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
1. Goodwill and Purchase of Rights	30.25	112.08	0.12	142.21	4.51	28.16	114.05	6.49
2. Freehold Land	48.88	2.79	11.78	39.89	-	0.32	39.57	48.56
3. Leasehold Land	30.00	4.41	4.50	29.91	0.87	6.75	23.16	20.14
4. Buildings	357.27	38.46	2.00	393.73	10.69	95.87	297.86	280.83
5. Machinery, Plant and Kilns	2,649.13	311.83	24.75	2,936.21	138.86	1,167.55	1,768.66	1,678.17
6. Roads, Bridges and Fences	54.39	6.38	0.33	60.44	0.92	9.63	50.81	46.13
7. Water Works	21.80	1.55	0.19	23.16	1.27	15.46	7.70	7.53
8. Railway Sidings and Tram -Lines	33.35	11.29	0.01	44.63	1.82	14.13	30.50	21.17
9. Rolling Stock	78.99	4.33	0.10	83.22	5.17	43.37	39.85	41.77
10. Furniture, Fixtures and Equipments	74.40	5.58	4.28	75.70	3.98	37.84	37.86	37.48
11. Motor Cars, Trucks, etc.	54.18	2.80	18.14	38.84	5.26	24.56	14.28	22.89
12. Electric Installations	531.44	46.47	1.79	576.12	25.94	217.12	359.00	352.45
	3,964.08	547.97	67.99	4,444.06	199.29	1,660.76	2,783.30	
13. Transfer from Capital Reserve					(0.34)			
	3,964.08	547.97	67.99	4,444.06	198.95	1,660.76	2,783.30	
Previous year	3,652.50	336.86	25.28	3,964.08	181.73	1,400.47	-	2,563.61
14. Capital work in Progress and Unallocated Capital Expenditure							96.79	87.13

Notes:- (i) Cost of Shares of Rs. 6,460 in various Co-operative Housing Societies, in respect of 19 residential flats are included under Item No. 4 'Buildings'.

(ii) Freehold land include Rs. 0.35 Crore (*Previous Year Rs. 0.35 Crore*), Leasehold land includes Rs. 0.09 Crore (*Previous Year Rs. 14.36 Crore*) and Buildings (Gross Block) include Rs.0.48 Crore (*Previous Year Rs. 0.48 Crore*) in respect of which the transfer of title deeds in the name of the company is under progress. Freehold land includes Rs. 4.95 Crore (*Previous Year Rs. 15.22 Crore*) representing Land of Everest Industries Limited, held for sale. Freehold land of Everest Industries Limited costing Rs. 1.67 Crore was revalued at Rs. 1.35 Crore based on an independent valuation and accordingly Rs. 0.32 Crore was provided for "Loss on impairment of fixed assets" in earlier years.

(iii) Exchange rate differences arising during the year on Foreign Currency Loans borrowed for the acquisition / construction of fixed assets have been adjusted - decrease of Rs.6.54 Crore (*Previous Year increase of Rs. 2.28 Crore*).

(iv) Rolling stock includes assets given on lease to Railways under "Own Your Wagons Scheme" of Rs. 28.48 Crore (*Previous Year Rs. 28.48 Crore*).

(v) The Net block of Goodwill as on March 31, 2004 of Rs.114.05 Crore (*Previous Year Rs. 6.49 Crore*) includes Goodwill on investment in Subsidiaries, Rs. 113.34 Crore (*Previous Year Rs. 5.48 Crore*) and amortization for the year is Rs.4.24 Crore (*Previous Year Rs. 1.56 Crore*).

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE — F, INVESTMENTS — (At cost unless otherwise stated) Item II - 2, Page 98.

1. TRADE INVESTMENTS

(a) Equity Shares - Fully Paid (Quoted):-

(i) TRF Limited	10	3,60,000	0.51	0.51
(ii) Alstom Projects India Limited (At Written Down Value) (21,107 Shares issued in lieu of 815,482 Shares in erstwhile Alstom Power Boilers Ltd.)	10	21,107	0.82	0.82

(b) Equity Shares - Fully Paid (Unquoted) :-

(i) ACC Rio Tinto Exploration Limited (See Note 13(c), Page 122)	10	75,00,000	1.44	1.44
(ii) Share in Associates (On Equity Method) Almatis ACC Ltd. (Formerly Alcoa - ACC Industrial Chemicals Ltd.) [includes unamortised Goodwill of Rs. 0.02 Crore (Previous Year Rs. 0.02 Crore)]	10	28,80,000	3.54	3.87

(c) Investment in Foreign Currency (Unquoted) :— Iran and India Cement Engg. Consultant Co. PJS

RLS 1000	1,46,999	0.17		0.17
			6.48	6.81

2. OTHER INVESTMENTS

(a) GOVERNMENT AND TRUSTEE SECURITIES

	Face Value Rs. Crore			
*Quoted	—	—		—
Unquoted	0.02	0.02		0.02
	0.02	0.02		0.02

[includes Securities of the face value of Rs.0.02 Crore
(Previous Year Rs. 0.02 Crore) deposited with
Governments and others as Security Deposits]

(b) Equity Shares - Fully Paid (Quoted):-

Industrial Development Bank of India Ltd. (Sold during the year) (See Note 13(a), Page 122)	10	5,42,240	—	4.34
* The India Cements Ltd.	10	784	—	—
* Dalmia Cement (Bharat) Ltd.	10	373	—	—
* Mysore Cement Ltd.	10	350	—	—
* The Andhra Cement Company Ltd.	10	52	—	—
* OCL India Ltd.	10	48	—	—
* Kanoria Sugar & General Mfg. Co. Ltd.	10	4	—	—
* Shree Digvijay Cement Co. Ltd.	10	180	—	—
* Panyam Cements & Mineral Industries Ltd.	100	5	—	—
* HDFC bank Ltd.	10	500	—	—
* Gujrat Composites Ltd. (Alloted for the holding in Shree Digvijay Cement Co. Ltd.)	10	60	—	—

Total Carried over...

0.02 4.36



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE — F, INVESTMENTS — (Contd.)

	Face Value	Numbers	As at March 31, 2004 Rs. Crore Rs. Crore		Previous Year Rs.Crore
Total Brought Over...				0.02	4.36
(c) Equity Shares - Fully Paid (Unquoted):-					
Bio-tech Consortium India Ltd.	10	50,000	0.05		0.05
* Rohtas Industries Ltd.	10	220	—		—
* The Jaipur Udyog Ltd.	10	120	—		—
* The Sone Valley Portland Cement Co. Ltd.	5	100	—		—
* The Travancore Cement Co. Ltd.	10	100	—		—
* Ashoka Cement Ltd.	10	50	—		—
* Digvijay Finlease Ltd	10	90	—		—
(Allotted for the holding in Shree Digvijay Cement Co.Ltd)					
(d) Mutual Fund Units (Unquoted)-					
(i) Balance of unutilised monies raised by Issue -					
Chola Liquid Fund - Institutional Plus - Growth	10	77,95,933.641	10.00		—
Grindlays Cash Fund - IP - Growth	10	42,30,082.656	5.00		—
Kotak Liquid Institutional Premium Plan - Growth ...	10	78,73,953.748	10.00		—
Reliance Liquid Fund - Tp - Ip - Growth	10	64,91,441.034	10.00		—
Tata Liquid Fund - Ship - Growth	10	86,27,829.928	10.00		—
(See Note - 7(b), Page 121)					
				45.00	—
(ii) Others -					
HDFC Cash Management Fund - Savings - Growth	10	30,44,232.701	4.00		—
Reliance Capital Mutual fund	10	20,00,000.000	2.00		—
Tata balanced fund - dividend	10	10,572.260	0.02		—
Tata Monthly Income fund	10	18,762.670	0.02		—
Tata Short Term	10	4,91,130.000	—		0.50
JM Mutual Fund	10	2,42,671.000	—		0.25
SBI - MF - Dividend	10	1,91,487.000	—		0.25
IL & FS	10	2,23,204.000	—		0.25
Templeton India	10	2,31,278.000	—		0.25
			51.04		1.50
				51.11	5.91
TOTAL				57.59	12.72

Notes : (i) Aggregate Net Cost and Market Value of Company's Investments :-

	As at March 31, 2004		As at March 31, 2003	
	Aggregate Net Cost	Market Value	Aggregate Net Cost	Market Value
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Quoted	1.33	2.11	5.67	3.29
Unquoted	56.26		7.05	
Total Investments	57.59		12.72	

(ii) The units of Mutual Funds [Item 2 (d)] are "Current Investments". All other Investments are 'Long term' .

(iii) * Denotes amount less than Rs. 50,000

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE — G, INVENTORIES — As Certified by the Management

Item II- 3(a), page 98.

		As at March 31, 2004		Previous Year
		Rs. Crore	Rs. Crore	Rs. Crore
1.	LIMESTONE, GYPSUM AND OTHER RAW MATERIALS -			
(a)	On Hand (net of provisions of Rs. 0.12 Crore - <i>Previous Year Rs. 0.12 Crore</i>)	85.92		70.61
(b)	In Transit	9.44		6.25
			95.36	76.86
2.	COAL, PACKING MATERIAL, STORES, SPARES, ETC. -			
(a)	Coal	32.08		20.64
(b)	Packing Material	5.51		5.60
(c)	Stores and Spares	139.97		99.89
(d)	In Transit	9.42		25.08
			186.98	151.21
3.	LOOSE PLANT AND TOOLS		2.06	1.68
4.	STOCK-IN -TRADE -			
(a)	Finished Goods	83.07		85.07
(b)	Flats	0.02		0.02
			83.09	85.09
5.	WORK-IN-PROGRESS -			
	Manufactured Products		105.17	101.69
	TOTAL ..		472.66	416.53



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE — H, SUNDRY DEBTORS

Item II- 3(b), page 98.

1. SUNDRY DEBTORS (SECURED AND CONSIDERED GOOD)

	As at March 31, 2004 Rs. Crore	Rs. Crore	Previous Year Rs. Crore
(a) Over Six Months	0.26		0.35
(b) Others	7.55		9.94
		7.81	10.29

2. SUNDRY DEBTORS (UNSECURED)

(a) Over Six Months -			
(i) Sale of Products and Services			
Considered Good	17.95		25.33
Considered Doubtful	19.89		25.06
	37.84		50.39
(ii) Railway, Insurance and Other Claims (includes Rs.51.45 Crore due from Central / State Governments - Previous Year – Rs. 51.57 Crore)	57.70		60.32
	95.54		110.71
Less - Provision made for Bad and Doubtful Debts	(19.89)		(25.06)
	75.65		85.65
(b) Others - (Considered Good)			
(i) Sale of Products and Services	107.89		76.33
(ii) Railway, Insurance and Other Claims	15.70		6.68
	123.59		83.01
		199.24	168.66
		207.05	178.95
TOTAL ..			

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE — I, CASH AND BANK BALANCES

Item II- 3(c), page 98.

1. CASH ON HAND	
(includes Cheques on Hand - Rs 2.81 Crore - <i>Previous Year Rs. 5.82 Crore</i>)	
2. CURRENT ACCOUNTS WITH BANKS	
(a) Scheduled Banks	
(b) The National Commercial Bank, Yanbu, Saudi Arabia (maximum balance during the year Rs.2.90 Crore - <i>Previous Year Rs. 3.76 Crore</i>) .	
3. POST OFFICE SAVINGS BANK ACCOUNTS (maximum balance during the year Rs. 0.01 Crore - <i>Previous Year 0.01 Crore</i>)	
(The Pass Books are held as security by Excise and Railway Authorities and other parties)	
4. REMITTANCES IN TRANSIT	
5. TERM DEPOSIT WITH SCHEDULED BANK	
6. FIXED DEPOSITS	
Scheduled Banks - Against margin money	
TOTAL ..	

As at March 31, 2004	Previous Year
Rs. Crore	Rs. Crore
	9.03
	8.16
48.43	26.81
0.81	2.36
	29.17
	0.01
	14.09
	11.82
	4.28
	5.73
	88.47
	45.66

SCHEDULE - J, OTHER CURRENT ASSETS

Item II- 3(d), page 98.

1. ACCRUED INTEREST	
2. ASSETS HELD FOR DISPOSAL	
TOTAL ..	

As at March 31, 2004	Previous Year
Rs. Crore	Rs. Crore
	2.24
	2.39
	1.32
	0.76
	3.56
	3.15



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE — K, LOANS AND ADVANCES — (Unsecured, Considered Good, unless otherwise stated)

Item II- 3(e), page 98.

	As at March 31, 2004 Rs. Crore	Rs. Crore	Previous Year Rs. Crore
1. ADVANCES AGAINST CAPITAL EXPENDITURE		21.12	11.25
2. BALANCES WITH EXCISE, CUSTOMS AND PORT TRUST AUTHORITIES ON CURRENT ACCOUNTS		39.23	35.11
3. SUNDRY ADVANCES AND DEPOSITS, ETC.			
(a) Advances to Suppliers	66.34		39.42
(b) Sales Tax, Freight and Excise Duty	2.52		1.03
(c) Advances and Deposits with Railways, Government Bodies and others	181.07		154.49
(d) Prepaid Expenses	18.12		19.14
(e) Loans and Advances to Employees (due by Officers Rs.2.24 Crore — <i>Previous year Rs. 1.72 Crore; Maximum Balance during the year</i> <i>Rs. 2.37 Crore — Previous Year Rs. 1.97 Crore</i>).....	28.68		22.97
		296.73	237.05
4. ADVANCE PAYMENTS AGAINST TAXES (Net of provision for taxes)		35.78	11.68
5. SECURITY AND OTHER DEPOSITS -			
5 Considered Good	0.23		0.02
Considered Doubtful	0.12		0.12
	0.35		0.14
Less: Provision for Doubtful Deposits	(0.12)		(0.12)
		0.23	0.02
6. ADVANCES RECEIVED IN CASH OR KIND OR VALUE TO BE RECEIVED			
Advances considered Good	4.73		9.65
Advances considered Doubtful	0.47		0.56
	5.20		10.21
Less: Provision for Doubtful Advances	(0.47)		(0.56)
		4.73	9.65
TOTAL ..		397.82	304.76

Note — Due by Whole-time Directors Rs. 0.62 Crore — *Previous Year*
Rs. 0.57 Crore. Maximum balance during the year Rs. 0.67 Crore —
Previous Year Rs. 0.86 Crore.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE — L, SUNDRY LIABILITIES

Item II- 4(a), page 98.

	As at March 31, 2004 Rs. Crore	Rs. Crore	Previous Year Rs. Crore
1. SUNDRY CREDITORS			
(a) For Capital Expenditure	27.34		32.92
(b) For Goods Supplied	115.86		94.93
(c) For Advance Payments	86.56		68.90
(d) For other Liabilities	396.85		281.64
		626.61	478.39
2. EMPLOYEES		53.03	44.86
(See Note 12, Page 121)			
3. SUNDRY DEPOSITS		50.16	57.87
4. SECURITY DEPOSITS FROM CONTRACTORS		18.31	13.79
5. INVESTOR EDUCATION AND PROTECTION FUND (Appropriate amounts shall be transferred to "Investor Education and Protection fund" if and when due)			
(a) Unpaid Dividend	16.32		7.24
(b) Unpaid Application Money	0.04		0.04
(c) Unpaid Matured Deposits	1.45		1.92
(d) Unpaid Matured Debentures	0.34		0.34
		18.15	9.54
6. INTEREST ON SECURED LOANS ACCRUED BUT NOT DUE		30.18	32.65
7. INTEREST ON UNSECURED LOANS ACCRUED BUT NOT DUE		1.49	2.80
TOTAL ..		797.93	639.90

SCHEDULE - M, PROVISIONS

Item II- 4(b), page 98.

	As at March 31, 2004 Rs. Crore	Previous Year Rs. Crore
1. GRATUITY/PENSIONS	23.20	16.38
2. LEAVE ENCASHMENT ON RETIREMENT	15.85	11.18
3. PROPOSED DIVIDEND	70.88	42.73
4. TAX ON DISTRIBUTED PROFITS	9.55	6.06
5. CONTINGENCIES	1.99	4.00
TOTAL ..	121.47	80.35

SCHEDULE - N, MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Item II- 6, page 98.

	As at March 31, 2004 Rs. Crore	Previous Year Rs. Crore
1. COMPENSATION UNDER VOLUNTARY RETIREMENT SCHEME	29.64	50.82
2. PREPAYMENT PREMIUM TO FINANCIAL INSTITUTIONS	3.08	4.78
3. COST OF ASSETS NOT OWNED BY THE COMPANY	5.95	2.38
4. PRODUCT DEVELOPMENT EXPENSES	0.64	1.16
5. FEES FOR PRODUCT RELATED TECHNICAL KNOW-HOW	—	0.20
6. PRELIMINARY EXPENSES	—	0.04
7. DEFERRED REVENUE EXPENDITURE	0.16	0.01
TOTAL ..	39.47	59.39



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE — O, NOTES ON ACCOUNTS

1. CONSOLIDATION OF ACCOUNTS : -

Basis of preparation

The Consolidated Financial Statements are prepared in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements and (AS) 23 on Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements comprise the financial statement of The Associated Cement Companies Limited (the Company) and its subsidiaries. The company and its subsidiaries constitute the ACC Group. Reference in these notes to the 'Company' or 'ACC' shall mean to include ACC Ltd. or any of its subsidiaries consolidated in these financial statements unless otherwise stated.

The list of Subsidiary Companies which are included in consolidation and the Parent Company's holdings therein are as under: -

Name of the Company		Percentage Holding
1. ACC Machinery Co. Limited	(AMCL)	100%
2. ACC – Nihon Castings Limited	(ANCL)	100%
3. Bargarh Cement Limited (Formerly known as IDCOL Cement Ltd.)	(BCL)	100%
4. Bulk Cement Corporation (India) Limited	(BCCI)	70%
5. Damodhar Cement & Slag Limited	(DCSL)	98%
6. Everest Industries Ltd. (Formerly known as Eternit Everest Ltd.)	(EIL)	76%
7. The Cement Marketing Company of India Limited	(CMI)	100%

Each of the above Subsidiary Companies is incorporated in India.

During the year, ACC has divested its 35% stake in International Ferrites Limited (IFL) and reduced its holding in ACC Rio Tinto Exploration Limited, to 18.75%

Almatis ACC Ltd. (Formerly Alcoa - ACC Industrial Chemicals Ltd. [ALCOA-ACC]), is the only Associate Company in which ACC has a holding of 40%.

Bargarh Cement Limited became a subsidiary of ACC on and from December 23, 2003. The results thereafter up to March 31, 2004 have been included in the consolidation.

Goodwill arising out of acquisition of Subsidiary and Investment in Associates is amortised over a period of ten years from the date of acquisition/Investment.

2. SIGNIFICANT ACCOUNTING POLICIES

(A) Sales

- (i) Sales are accounted on despatch of products.
- (ii) Income from works contract, consultancy and other services rendered is accounted for on "Percentage of Completion" basis.
- (iii) Lease Rental income is accounted as per terms of lease.

(B) Excise Duty

Excise Duties recovered are included in the Sale of Products (Gross). Excise Duty in respect of Finished Goods are shown separately as an item of Manufacturing and Other Expenses and included in the valuation of finished goods.

(C) Accounting of Claims and Subsidies

- (i) 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.
- (ii) Claims raised by Government Authorities regarding taxes and duties, which are disputed by the company, are accounted based on the merits of each claim.
- (iii) Subsidy receivable against an expense is deducted from such expense and subsidy / grant receivable against a specific fixed asset is deducted from cost of the relevant fixed asset.

- (iv) Investment subsidy not specifically related to a fixed asset is credited to Capital Reserve and retained till the requisite conditions are fulfilled.
- (D) Debenture/Share/Foreign Currency Convertible Bonds Issue Expenses and Premium on Redemption of Debentures/Foreign Currency Convertible Bonds
 Debenture/ Share/Foreign Currency Convertible Bonds issue expenses incurred are expensed in the same year and premium payable on Debentures/Foreign Currency Convertible Bonds are expensed pro-rata over the Debenture/Foreign Currency Convertible Bonds period; both are adjusted against the Securities Premium Account as permitted by Section 78(2) of the Companies Act, 1956.
- (E) Retirement Benefits
 - (i) Company's contributions paid / payable during the year to Provident Fund, Officer's Superannuation Fund and Gratuity Fund are charged to the Profit and Loss Account.
 - (ii) Leave encashment on retirement and other retirement benefits are provided on the basis of actuarial valuation.
- (F) Fixed Assets
 - (i) Fixed Assets are stated at cost of acquisition or construction, including attributable interest and financial costs till such assets are put to use, less specific grants received.
 - (ii) Depreciation is provided on the Straight Line Method at the rates prescribed by Schedule XIV of the Companies Act, 1956 except in respect of some assets which are at higher appropriate rates and in respect of the Holding Company -
 - (a) in respect of assets acquired upto July 31, 1968 on the written down value method at the rates prescribed in Schedule XIV of the Companies Act, 1956;
 - (b) in respect of assets acquired during the period August 1, 1968 to July 31, 1986 on the straight line method at the rates in force at the time of acquisition of assets in accordance with Circular No. : 1/86 dated May 21, 1986 issued by the Department of Company Affairs;
 - (iii) Depreciation of leased assets is charged to Profit and Loss Account on the straight-line method over the primary lease period.
 - (iv) Cost of leasehold land is amortised over the period of the lease.
 - (v) In respect of Quarry freehold land, amortisation reserve is created by amortising the cost over the number of years of the mining rights of the quarries.
 - (vi) Manufacturing and Technology rights purchased are amortised over the period of rights.
- (G) Expenditure during construction period
 In case of new projects and substantial expansion of existing factories, expenditure incurred, including trial production expenses net of revenue earned and attributable interest and financing costs, prior to commencement of commercial production are capitalised.
- (H) Investments
 Long term investments are stated at cost or written down value (in case of other than temporary diminution). Current investments are stated at cost or fair value whichever is lower. Cost is determined on a weighted average basis.
 Investments in Associate Companies have been stated as per equity method.
- (I) Research and Development
 Revenue expenditure on Research and Development is charged out in the year in which it is incurred. Expenditure which results in creation of assets is included in Fixed Assets and depreciation provided on such assets as applicable.
- (J) Inventories
 - (i) Raw Materials, stock-in-trade and work-in-progress are valued at cost or net realisable value whichever is lower. Coal, packing materials and stores and spares are valued at cost.
 - (ii) Cost is determined on a weighted average basis.
 - (iii) Expenditure incurred on mobilisation and creation of facilities in respect of incomplete contracts is carried forward and written off in proportion to work done.
- (K) 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 such 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 the transaction. In respect of overseas contracts the transactions are accounted at average rate. Gain or loss arising out of translation/ conversion is taken credit for or charged to the Profit and Loss Account.

- (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 the respective fixed assets.

(L) Miscellaneous Expenditure

- (i) Compensation payable under Voluntary Retirement Scheme during the year have been charged to Profit and Loss Account. Compensation payable under the Voluntary Retirement Scheme up to March 31, 2003 has been deferred, to be written off over a period of five years.
- (ii) Expenditure incurred, which results in creation of infrastructure not owned by the Company, is treated as deferred revenue expenditure to be written off over a period of five years.
- (iii) Premium paid on prepayment of loan is charged to Profit and Loss Account over the balance tenure of the loan.

(M) Employees Stock Option Scheme

The fair value of option granted under Employees Stock Option Schemes has been deferred, to be written off over the vesting period.

(N) Taxation

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

(O) Contingent Liabilities

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

3. SEGMENT REPORTING

The Company has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organisation structure and internal reporting system.

The Company's operations predominantly relate to manufacture of Cement. Other business segments reported are Refractory Business and Ready Mix Concrete.

The Company caters mainly to the needs of the domestic market. The export turnover is not significant in the context of total turnover. As such there are no reportable geographical segments.

Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

The net expenses, which are not directly attributable to the Business Segment, are shown as Unallocated Corporate Cost.

Assets and Liabilities that cannot be allocated between the segments are shown as a part of Unallocated Corporate Assets and Liabilities respectively.

Inter Segment Transfer Pricing Policy –

All Inter Segment Transfers are at Market price except transfers from Refractory to Cement and Research and Consultancy Directorate (RCD), included in Others, to Cement.

SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2004
INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS

	Cement Rs Crore	Refractory Rs Crore	Ready Mix Concrete Rs Crore	Others Rs Crore	Unallocated Rs Crore	Total Rs Crore
REVENUE (Net)						
External Sales						
Domestic	2,939.79 (2,498.90)	144.84 (135.94)	128.63 (91.89)	264.17 (223.58)	2.14 (1.19)	
Export	9.37 (16.17)	20.27 (11.16)	— (—)	51.23 (43.81)	— (1.43)	
Total Sales	2,949.16 (2,515.07)	165.11 (147.10)	128.63 (91.89)	315.40 (267.39)	2.14 (2.62)	3,560.44 (3,024.07)
Add: Inter Segmental Sales	47.19 (34.09)	13.16 (13.68)	0.23 (0.16)	17.02 (17.56)		
Total Segment Revenue	2,996.35 (2,549.16)	178.27 (160.78)	128.86 (92.05)	332.42 (284.95)		
RESULT (Profit before interest and corporate expenses)						
Segment Result	287.94 (195.30)	23.53 (17.30)	10.96 (9.08)	40.91 (33.59)	50.31 (53.66)	413.65 (308.93)
Unallocated Corporate expense						21.03 (40.97)
Operating Profit						392.62 (267.96)
Interest expense						115.86 (139.73)
Interest income(includes dividends)						17.09 (26.93)
Exceptional Items –						
Less : Write down in value of assets						8.00 (13.21)
Add : Provision for contingencies						2.01 (—)
Income Taxes –						
Current Tax						27.59 (11.18)
Deferred Tax						40.14 (9.42)
Profit from Ordinary activities						220.13 (121.35)
Extraordinary Loss						— (—)
NET PROFIT						220.13 (121.35)
Figures in brackets pertain to previous year						



INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS (Contd.)

	Cement Rs Crore	Refractory Rs Crore	Ready Mix Concrete Rs Crore	Others Rs Crore	Unallocated Rs Crore	Total Rs Crore
OTHER INFORMATION						
Segmental Assets	3,354.80 (3,037.40)	95.78 (89.63)	80.44 (72.74)	262.76 (252.44)	21.99 (24.52)	3,815.77 (3,476.73)
Unallocated Corporate Assets						198.10 (111.38)
Total Assets						4,013.87 (3,588.11)
Segmental Liabilities	741.56 (601.11)	31.58 (22.44)	15.02 (9.16)	90.57 (61.54)	6.74 (7.29)	885.47 (701.54)
Unallocated Corporate Liabilities						128.53 (111.09)
Total Liabilities						1,014.00 (812.63)
Capital Expenditure	203.88 (313.78)	3.64 (0.92)	8.30 (5.60)	4.57 (3.85)	1.56 (1.77)	221.95 (325.92)
Depreciation	173.25 (156.72)	3.60 (4.16)	4.89 (4.48)	11.30 (12.47)	5.91 (3.90)	198.95 (181.73)
Non -Cash expenses other than depreciation	13.19 (5.27)	2.65 (6.90)	2.12 (0.69)	10.95 (12.46)	2.47 (11.56)	31.38 (36.88)
Interest income includes amount received on Swap transactions - Rs. 3.41 crore (Previous Year Rs. 16.60 Crore)						
Total Assets exclude : Investments						57.59 (12.72)
Advance Income Tax (Net)						35.78 (11.68)
Miscellaneous Exp. to the extent not written off						39.47 (59.39)
Total Liabilities exclude : Secured Loans						1,092.32 (1,333.75)
Unsecured Loans						303.28 (121.31)
Deferred Tax						288.37 (248.23)
Minority Interest						35.08 (32.70)
Figures in brackets pertain to previous year						

4. RELATED PARTY DISCLOSURE: -

(A) Particulars of Associates of the Company:

	Name of the Related Party	Nature of Relationship
(i)	Almatis ACC Limited (Formerly known as Alcoa ACC Industrial Chemicals Limited.)	Associate Company of ACC
(ii)	International Ferrites Limited	Associate Company of ACC (upto November, 2002)
(iii)	ACC RIO Tinto Exploration Limited	Associate Company of ACC (upto December, 2002)

(B) Key Management Personnel & their Relatives

	Name of the Related Party	Nature of Relationship
(i)	Mr. T.M.M. Nambiar	Managing Director (ACC) upto November 2002
(ii)	Mr. M.L.Narula	Managing Director (ACC)
(iii)	Mr. P.K.Sinor	Whole-time Director & Company Secretary (ACC)
(iv)	Mr. A.K.Jain	Whole-time Director (ACC)
(v)	Mr. N.H. Italia	President Finance (ACC)
(vi)	Mr. T.N.Tiwari	President HR & Admn. (ACC)
(vii)	Mr. A.K. Pathak	President Research and Development (ACC)
(viii)	Mr. I.C.Ahuja	President Projects and Engineering (ACC)
(ix)	Mr. Naveen Chadha	President Operations (ACC)
(x)	Mr. K.R. Desai	Managing Director, Bargarh Cement Limited from December 23, 2003
(xi)	Dr. D.Ghosh	Managing Director, Damodhar Cement & Slag Limited upto July, 2002
(xii)	Mr. R. S. Rathore	Managing Director, Damodhar Cement & Slag Limited
(xiii)	Mr. Arun Batra	Managing Director, Everest Industries Limited upto July, 2002
(xiv)	Mr. M. L. Gupta	Managing Director, Everest Industries Limited
(xv)	Mr. Manish Sanghi	Executive Director, Everest Industries Limited
(xvi)	Mrs. Vibha Batra	Wife of Mr. Arun Batra, Ex. Managing Director of Everest Industries Limited
(xvii)	Mr. Siddhartha Shankar	CEO, Bulk Cement Corpn (India) Ltd.
(xviii)	Mr. S.N.Malhotra	President ACC Machinery Co. Ltd. and Managing Director of ACC - Nihon Castings Limited

Amount (Rs. Crore)

(C) Transactions with Associate Companies	Current year	Previous Year
(i) Purchase of Finished/ Unfinished goods	3.62	3.54
(ii) Sale of Finished / Unfinished goods	—	0.36
(iii) Reimbursement of Expense/Cost of Material/Stores	0.04	—
(iii) Rendering of Services	—	0.04
(iv) Purchase of Fixed Assets	—	0.01
(v) Outstanding balance included in Current Assets	0.01	0.16
(vi) Outstanding balance included in Current Liabilities	—	0.12
(viii) Dividend received	0.33	0.22



(D) Transactions With Key Management Personnel Individuals and their Relatives	Unit of Measurement	Value of Transaction	Value of Transaction
		Current year	Previous Year
(i) Remuneration	Rs.Crore	3.43	3.44
(ii) ESOS granted during the year	No of Shares	1,30,000	1,58,500
(iii) Rent Deposit / Rent for residential flat leased to company	Rs. Crore	0.04	0.03
(iv) Loans given during the year	Rs.Crore	0.29	0.36
(v) Loan amounts due as at the end of the year	Rs.Crore	1.24	1.04
(vi) Accrued Interest on Loans	Rs.Crore	—	0.06

5. EARNINGS PER SHARE - (EPS)

	March 31, 2004	March 31, 2003
	Rs.Crore	Rs.Crore
I. (A) Profit Computation for Basic earnings per Share of Rs. 10 each Net Profit as per Profit & Loss Account available for Equity Shareholders	220.13	121.35
Adjustment for the purpose of Diluted EPS :- Interest on Foreign Currency Convertible Bonds	0.10	—
Less : Tax on Above	0.02	—
	0.08	—
(B) Profit for Diluted Earnings Per Share of Rs. 10 each	220.21	121.35
II. Weighted average number of equity shares for Earnings per Share computation		
A) For Basic Earnings per Share	17,13,80,047	17,08,52,853
B) For Diluted Earnings per Share :		
No. of shares for Basic EPS as per II A	17,13,80,047	17,08,52,853
Add: Weighted Average outstanding Option / Shares deemed to be issued for no consideration	11,96,389	3,50,804
No. of Shares for Diluted Earnings per Share	17,25,76,436	17,12,03,657
III. Earnings per Share (Weighted Average)		
Basic	Rs. 12.84	Rs. 7.10
Diluted	Rs. 12.76	Rs. 7.09

6. MANAGERIAL REMUNERATION (excluding contribution to Gratuity fund, Provision for Leave Encashment on retirement and other retirement benefits) paid/payable to Directors:-

	March 31, 2004	March 31, 2003
	Rs. Crore	Rs. Crore
Managing /Whole-time Directors		
Salaries	0.93	1.49
Perquisites	0.52	0.83
Contributions to Provident and Superannuation Funds	0.16	0.17
Incentive/Commission	0.90	0.80
	2.51	3.29
Directors other than the Managing / Whole-time Directors – Sitting Fees	0.26	0.07
	# 2.77	3.36
# includes subject to Shareholders' approval	*	0.14

* Denotes amount less than Rs. 50,000/-

7. (a) ACC had issued 60,000, 1% Foreign Currency Convertible Bonds of US \$ 1000 each aggregating US \$ 60 Million at par. The bonds are redeemable on March 19, 2009 at a redemption premium of 1.5% per annum so as to give the bondholders a yield to maturity of 2.5% per annum. These bonds are convertible into GDSs/Shares at a initial conversion price of Rs. 374.42 per share

with a fixed rate of exchange on conversion of Rs. 45.2425 is equal to US \$ 1.00 at the option of bondholders at any time on or after April 28, 2004 and prior to the close of business on March 08, 2009. If all the bonds are converted into GDSs / Shares, then the Share Capital of the Company will increase by around 72,50,000 Equity Shares of Rs. 10 each. The Company, subject to fulfillment of certain conditions and obtaining requisite approvals, has an option to redeem these bonds in whole but not in part at any time on or after March 19, 2007 and prior to March 19, 2009 at its early redemption amount together with accrued and unpaid interest.

(b) The net proceeds of Rs. 422.23 crore from the issue of Foreign Currency Convertible Bonds and Global Depositary Shares have been utilised for the objects of the issue viz. acquisition of Bargarh Cement Ltd. (formerly known as IDCOL Cement Ltd.) through the Government of Orissa's disinvestment programme, part funding of Chaibasa Cement Plant Modernisation along with establishment of 15 MW captive power plant at that site, financing of other ongoing capital expenditure during the year ended March 31, 2004 and for general corporate purposes, except for an amount of Rs. 45 crore which has been invested in Mutual Funds – Liquid Schemes pending utilisation in the year 2004-05.

8. In respect of second power plant of ACC at Wadi, the Company was eligible for sales tax incentive amounting to Rs. 30.40 crore as per eligibility certificate issued by Director of Industries, Karnataka. During the year 2002-2003, Department of Industries, Karnataka has amended Company's eligibility certificate, restricting the tax exemption both under Karnataka Sales Tax & Central Sales Tax Acts to quantum of tax payable on additional capacity created by the unit for the period of five years from April 10, 1995. In the earlier years, based on legal advice, the Board of Directors reached the conclusion that there was no need to retain the provision in respect of the amount of Rs. 30.40 crore. The Hon'ble High Court of Karnataka, Bangalore, vide its order dated 22.10.2003 has allowed the Company's writ petition on the above matter setting aside all orders purporting to amend the original eligibility certificate.
9. ACC has filed a Writ Petition against the order of the Madhya Pradesh State Mining Department demanding Rs. 34.50 crore (*Previous Year Rs. 26.71 crore*) towards payment of additional Royalty on Limestone based on the ratio of 1.60 tonnes of Limestone to 1 tonne of cement produced at its factories in Madhya Pradesh. The Company holds the view that the payment of Royalty on Limestone is based on the actual quantity of Limestone extracted from the mining area. The independent report obtained from National Council of Building Materials supports the Company's view. The case is pending before Divisional and Single benches in High Court of Jabalpur with respect to Kymore and Jamul Cement Works respectively. In view of demand being legally unsustainable, the Company does not expect any liability in the matter.

In an earlier year, ACC had received a demand of Rs. 6.11 crore from Director of Geology and Mining towards Royalty on Limestone based on cement produced vis-à-vis consumption of limestone at its Madukkarai Works. The demand is without giving any details and has not been preceded by any show cause notice or personal hearing. The Company has gone in appeal before the High Court, Chennai and stay order has been granted.

10. During an earlier year, ACC had received notices from certain State Governments and claims had also been preferred by certain collieries after enactment of 'Cess and Other Taxes on Minerals (Validation) Act', 1992 and the constitutional validity of which was upheld by the Supreme Court in July 1996.

The Company had made an overall provision of Rs. 29.98 crore in earlier years in respect of Mineral Rights Tax and Cess on limestone and coal. Based on favourable judgment the entire provision was written back including Rs. Nil during the year (*Previous Year Rs 4.48 crore*).

11. ACC was entitled to receive Transport Subsidy against actual expenditure on freight incurred in respect of its new 1 MTPA plant at Gagai, which went into commercial production w.e.f. September 15, 1994 for a period of five years. Accordingly, the Company accrued the subsidy claim aggregating Rs. 80.65 crore (including subsidy on Clinker) for a period up to September 1999. As against this, the Company has received part disbursement and balance of Rs. 46.35 crore (*Previous Year Rs. 46.35 crore*) is shown as receivable under "Sundry Debtors" – Schedule H. The Company had received a demand notice from the Government of Himachal Pradesh asking for refund of Rs. 31.19 crore during the previous year stating that Gagai 1 MTPA is not a new unit but a case of expansion of an existing unit, thereby, not eligible for subsidy under Transport Subsidy Scheme, 1971.

The High Court of Shimla has declared Gagai II as eligible for Transport Subsidy in its judgement dated August 19, 2003. The arrears due to the Company have been ordered to be paid within three months without interest.

Even though the time limit specified by the High Court of Himachal Pradesh for making refund of outstanding amounts expired on November 19, 2003, the Central Government has taken the case further for decision by Divisional Bench, High Court Shimla.

12. Provision for Employees includes Rs. 12.84 crore (*Previous Year Rs. 10.45 crore*) being the estimated net present value of future monthly payments of pension under the Voluntary Retirement Scheme. In accordance with past practice, the compensation payable under Voluntary Retirement Scheme has been deferred, to be written off over a period of five years. The amount payable within one year under the scheme aggregates Rs. 3.14 crore (*Previous Year Rs. 4.09 crore*).

Compensation paid / payable under Voluntary Retirement Scheme for the period amounting to Rs. 6.44 crore have been charged to Profit and Loss Account. Had this charge not been made the profit before tax for the year ended March 31, 2004 would have been higher by Rs. 5.62 crore.



13. (a) ACC had in the earlier year, as a measure of abundant caution provided a sum of Rs. 3.45 crore towards fall in value of investments in a financial institution. The said provision has been written back during the year as the investment has been disposed off and the resulting loss arising on disposal has been recognised separately in the Financial Statement.
- (b) Further, as a measure of abundant caution, a sum of Rs. 0.17 crore on account of investment in shares of The Iran and India Cement Engineering Consultants Co. PJS (IICEC) was provided for by the Company in an earlier year.
- (c) ACC had fully provided by way of "Provision for contingency" Rs. 1.44 crore being its carrying value of investment in ACC Rio Tinto Ltd.
14. (a) Dylyn Demonstration Centre has continued to operate at a very low level of activity during the year. In the light of the same and the limited options available to ACC to ever operate the unit in a viable mode, the Company had written down the value of assets by Rs. 14 crore (including Rs. Nil during the year – *Previous Year Rs. 1 crore*).
- (b) The operation of Synthetic Ferric Oxide plant at Falta, West Bengal was discontinued from February 1999. Pending disposal of assets, a cumulative charge to Profit and Loss Account Rs. 40.71 crore (including Rs. Nil for the year – *Previous Year – Rs 3.71 crore*) had been made towards "Write Down of Value of Assets". The non-factory assets worth Rs. 3.22 crore (*Previous Year Rs. 3.30 crore*) has been included under the head Fixed Assets. The estimated realisable value of the balance assets of Rs. 0.49 crore (*Previous Year Rs. 0.67 crore*) has been disclosed under "Assets Held for Disposal".
- (c) Due to its unviable operations, the Agrotech Business was discontinued in an earlier year. ACC had provided for Rs. 3.43 crore (including Rs. Nil during the year – *Previous Year Rs. 0.50 crore*) towards "Write Down of Value of Assets" and the estimated realisable value of the balance assets of Rs. 0.09 crore (*Previous Year Rs. 0.09 crore*) has been disclosed under "Assets Held for Disposal".
- (d) The general slowdown during the past year in the Telecom and Electronics Business, to which Advance Microwave Material Centre primarily caters, has impacted its operations adversely. A cumulative provision of Rs. 16 crore (including Rs. 8 crore during the year – *Previous Year Rs. 8 crore*) has been made towards "Write Down of Value of Assets".
15. Pursuant to the agreement dated February 24, 2004, entered into by EIL with the developer for development of land located at Mulund, Mumbai for a total consideration of Rs. 77.40 crore, the Company has released part of the land to the developer against which it has recognised sale of land aggregating to Rs. 64.92 crore. The Company is in the process of obtaining Transferable Development Rights (TDRs) against the balance portion of land. The balance amount will be recognised by the Company on releasing the TDRs thus received to the developer.
16. Deferred Payment Liability represents a sum of Rs.13.68 crore payable to the Industrial Development Corporation of Orissa Ltd. on account of their dues payable by BCL in eight equal annual instalment without interest or penalty. The first instalment is due for payment after four years from the closing date when ACC acquired 87% stake in BCL i.e. December 22, 2003.
17. ACC has been recognising the deferred tax assets/liabilities in the financial statements in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. During the year, ACC has charged the Profit and Loss Account with the Deferred Tax Liability of Rs. 37.53 crore (*Previous Year Rs. 4.71 crore*) net of Rs. 28.36 crore (*Previous Year Rs. Nil*) pertaining to earlier years, consequent to the developments during the year.

The year end position of the group is as follows -

	March 31, 2004 Rs. Crore	March 31, 2003 Rs. Crore
Deferred Tax Liabilities:-		
Depreciation differences	338.26	308.37
Others	10.88	11.32
	<u>349.14</u>	<u>319.69</u>
Deferred Tax Assets:-		
Unabsorbed Depreciation	8.87	22.25
Unabsorbed losses	11.58	12.46
Others	40.32	36.75
	<u>60.77</u>	<u>71.46</u>
Net Deferred Tax Assets / (Liabilities)	<u>(288.37)</u>	<u>(248.23)</u>

Deferred Tax Asset of ACC, DCSL and BCCI on account of unabsorbed depreciation / losses has been recognised, as the Company is of the opinion that there is virtual certainty of realisation of the same in view of the profits of the company. In line with paragraphs 15 to 18 of the Accounting Standard 22, net deferred tax asset of other subsidiaries have not been recognised as a matter of prudence.

18. BCL became the subsidiary of ACC during the year. The figures for the Current year include figures relating to BCL as given below:

Liabilities:	Rs. Crore
Profit and Loss Account	2.28
Loan Funds	34.88
Current Liabilities	56.43
Stockist Deposit (Unsecured)	2.77
	<u>96.36</u>
Assets:	
Fixed assets	127.62
Current assets	62.93
	<u>190.55</u>

Results for the period include Rs. 2.28 crore profit for the period from December 23, 2003 to March 31, 2004 relating to BCL.

19. CONTINGENT LIABILITIES NOT PROVIDED FOR: -

- (A) Indemnity given to Bank of India for the guarantee/s executed by them on behalf of TRF Ltd. to the extent of Rs. 0.36 crore *(Previous Year Rs 0.36 crore)*.
- (B) As a signatory to the Memorandum of Association of The Cement Allocation and Co-ordinating Organisation, a company limited by guarantee Rs. 0.01 crore *(Previous Year Rs 0.01 crore)*.
- (C) SalesTax, Central Excise and Customs Rs. 19.75 crore *(Previous Year Rs. 17.53 crore)*.
- (D) Claims against the Company not admitted as debt Rs. 14.07 crore *(Previous Year Rs. 4.62 crore)*.
- (E) Income Tax Rs. 7.18 crore *(Previous Year Rs. 7.24 crore)*.
- (F) Bills Discounted Rs. 0.52 crore *(Previous Year Rs. 0.44 crore)*.
- (G) In respect of guarantees executed by Bank and Financial Institutions on behalf of the Company Rs. 2.47 crore *(Previous Year Rs. 3.29 crore)*.

- 20. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) Rs. 132.52 crore *(Previous Year Rs. 53.42 crore)*.
- 21. A charge has been created on stocks, stores, etc. in favour of banks in consideration of guarantees and letters of credit issued/to be issued to the limit of Rs. 215.35 crore on behalf of the Company *(Previous Year Rs. 215.30 crore)*.
- 22. Revenue expenditure on Research and Development amounting to Rs. 7.80 crore *(Previous Year Rs. 6.39 crore)* has been charged to Profit and Loss Account and Capital expenditure relating to Research and Development amounting to Rs. 0.06 crore *(Previous Year Rs. 0.05 crore)* has been included in Fixed Assets (Schedule "E").
- 23. The Declarations filed under the Urban Land (Ceiling & Regulations) Act, 1976, in respect of the Company's holdings of vacant land in certain States in excess of the ceiling prescribed under the Act and the applications for exemption filed under Section 20 of the Act to retain these lands are under consideration of the concerned Authorities/ respective State Governments at three locations.



24. Everest Industries Limited has been granted exemption from payment of excise duty under the notification 6/2003-CE dated March 1, 2003 of the Excise Act, whereby goods in which not less than 25% by weight of fly-ash has been used are exempted from levy of excise duty.
25. Cement despatched by BCL under Indira Abas Yojana are exempted from payment of Excise Duty and Sales Tax on submission of Utilisation Certificate. Such certificate in respect of 20639.28 MT are yet to be received. However estimated liability on account of Excise Duty and Sales Tax amounting to Rs 0.83 crore and Rs.0.42 crore respectively have not been provided pending receipt of the utilisation certificates.
26. M/s Fuller India Ltd (FIL), who were the main supplier of equipments for the expansion and modernisation project of erstwhile IDCOL Cement Ltd (now BCL) filed a petition in Orissa High Court submitting a claim of Rs. 3.86 crore and the company lodged a counter claim of Rs. 192.32 crore against M/s FIL before Orissa Arbitration Tribunal and the matter is under adjudication.
27. Pending finalisation of Lease Deeds and its terms and condition by the Government of Orissa in respect of 55.25 acres of land adjoining the Factory Premises which is in possession of BCL, no provision for premium and annual rents etc. have been made in the accounts as being not quantifiable.
28. (a) Mining lease rights in respect of Behera Banjipali and Damapala mines are in the name of Industrial Development Corporation of Orissa Ltd and await transfer to BCL. Investment in fixed assets and other assets valued at Rs. 0.23 crore continues to appear in the books of the company pending such transfer.

(b) The Assets and Liabilities of IDCOL Mines has been merged in the account as the Assets and Liabilities have been created by erstwhile IDCOL Cement Limited (now known as Bargarh Cement Ltd). As per Article clause 5. 5.4(x) of the Share Purchase Agreement the Govt.of Orissa will transfer the mining lease of Damapala Mines (IDCOL Mines) and grant of mining lease of Jampali Mines in favour of the company subject to availability of mineable limestone reserve with a view to expand the capacity.
29. Royalty includes a sum of Rs. 3.20 crore towards Royalty for use of Brand name i.e. IDCOL upto December 22, 2003. The liability for the balance period upto March 31, 2004 is not provided nor determined.
30. The operations of ANCL during the previous years have resulted in substantial erosion of net worth. The accounts of ANCL 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.
31. The share of loss of Rs. 0.01 crore in respect of investment in Almatiss ACC Ltd. (Formerly known as Alcoa - ACC Industrial Chemicals Ltd.), an Associate Company, which is considered on the basis of unaudited Financial statements for the year ended March 31, 2004 certified by the management of the said associate company.
32. Raw Materials etc. (Item 2 of Schedule 2 at Page 101) includes consumption of Coal and Oil for Kilns, etc. Rs. 392.03 crore (*Previous Year Rs. 361.69 crore*).
33. Stores consumed etc. (Item 5(a) of Schedule 2 at Page 101) is after deduction of Rs. 88.50 crore charged to Raw Materials and other relevant heads (*Previous Year Rs. 111.68 crore*).
34. Future obligation by way of lease rentals payable Rs. 0.15 crore (*Previous Year Rs. 3.10 crore*).
35. Figures pertaining to the Subsidiary Companies have been reclassified wherever necessary to bring them in line with the Parent Company's Financial statements.
36. Previous year's figures have been regrouped / restated wherever necessary to make them comparable with current year's figures.

Current year figures are not comparable with the previous year figures to the extent Bargarh Cement Ltd. (subsidiary company) acquired during the current year and which is consolidated as per Accounting Standard 21.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2004

	Rs. Crore	Previous Year Rs. Crore
A. Cash flow from operating activities		
1. Net Profit / (Loss) before Tax and Exceptional Items	293.85	155.16
Adjustments for :		
2. Depreciation	198.95	181.73
3. Unrealised Foreign Exchange (Gain)/Loss - Net	(20.75)	(2.18)
4. Profit on Sale of Fixed Assets- Net	(56.05)	(4.98)
5. Dividend Income - Gross	(0.14)	(0.17)
6. Interest Income - (includes amount received on Swap Transaction - Rs 3.41 crore - Previous Year - Rs. 16.60 crore)	(16.95)	(26.76)
7. Interest Expense -	115.86	139.73
8. Transfer from Securities Premium Account	(9.67)	(0.76)
9. Debenture Issue Expenses	0.04	0.76
10. Employee Stock Options Outstanding	0.13	0.18
11. Voluntary Retirement Scheme	6.44	—
12. Share Issue Expenses - GDS and FCCB	9.63	—
13. Net Value of Discarded Capital Assets, Inventories and Cost of Dismantling	6.17	0.89
14. Miscellaneous Expenditure written off	33.79	33.40
15. Profit on Sale of Investment	(0.78)	(56.80)
16. Loss on Sale of Investment	0.72	—
17. Income from Prepayment of Sales Tax Deferral	(2.40)	(9.61)
18. Provision for Gratuity, Leave Encashment and Pensions	11.49	6.83
19. Provision for Bad and Doubtful Debts, - Net of adjustment - Rs 1.28 Crore (Previous Year - Rs. 0.68 crore)	5.36	8.53
20. Share of Earnings from Associates	0.01	1.02
21. Share of Minority Interest	13.84	2.41
Operating profit before working capital changes	589.54	429.38
Adjustments for :		
22. Trade receivables	(13.79)	14.70
23. Inventories	(32.93)	(61.95)
24. Assets Held for Disposal	0.18	0.12
25. Other receivables	(51.38)	(7.13)
26. Trade payables	90.41	75.99
27. Compensation under Voluntary Retirement Scheme	(11.22)	(16.52)
Cash generated from operations	570.81	434.59
28. Direct Taxes - Refund / (Paid)	(50.73)	25.67
Net Cashflow from operating activities	520.08	460.26
B. Cashflow from investing activities-		
29. Purchase of Fixed Assets	(244.81)	(284.92)
30. Capital Subsidy Received	—	0.27
31. Sale of Fixed Assets	75.59	11.68
32. Purchase of Investments (Includes Rs 203.31 Crore towards investment in Equity of Subsidiary Company - Previous Year - Rs. 0.04 crore) (Including Investments in Mutual Funds - Rs. 745.04 crore - Previous Year Rs. 1,206.37 crore)	(948.38)	(1,211.86)
33. Sale/Redemption of Investments (Includes Rs. Nil towards investment in Associates - Previous Year Rs 40.42 crore) - (Including realisation from sale of investments in Mutual Funds - Rs. 696.67 crore - Previous Year Rs. 1,211.10 crore)	699.90	1,308.40
34. Interest Received	17.09	24.67
35. Dividend Received	0.14	0.39
36. Deferred Liabilities	(4.85)	—
Net cash used in investing activities	(405.32)	(151.37)
C. Cashflow from financing activities-		
37. Interest Paid (includes amount capitalised Rs 2.58 crore - Previous Year Rs. 11.37 crore)	(122.17)	(144.25)
38. Proceeds from / for issue of Share Capital (net of Share Issue Expense)	158.51	1.49
39. Proceeds from/(Repayment of) Borrowings - (Net of Debenture Issue Expenses)	(54.44)	(107.65)
40. Dividend paid	(45.03)	(50.60)
41. Dividend tax paid	(11.74)	(—)
Net cash used in financing activities-	(74.87)	(301.01)
Net increase/(decrease) in cash and cash equivalents	39.89	7.88
Cash and cash equivalents — Opening Balance	45.66	37.78
Add - Additions on take over of Bargarh Cement Ltd.	2.92	—
— Closing Balance	48.58	37.78
	88.47	45.66

Notes : 1. All figures in brackets are outflow
2. Previous year's figures have been regrouped / recasted wherever necessary
3. Direct Taxes paid are treated as arising from Operating Activities and are not bifurcated between Investing and Financing activities.
4. Cash and Cash Equivalent is Cash and Bank Balances as per Balance Sheet.
5. Current year figures are not comparable with the previous year figures to the extent Bargarh Cement Ltd. (subsidiary company) acquired during the current year and which is consolidated as per Accounting Standard 21.

Per our report attached to the Balance Sheet

For and on behalf of the Board,

For A.F.FERGUSON & CO.

Chartered Accountants

B.P. SHROFF

Partner

TARUN DAS

Chairman

N.S.SEKHSARIA

Deputy Chairman

N.A.SOONAWALA

AMITABHA GHOSH

O.P.DUBEY

A.L.KAPUR

S.M.PALIA

Directors

For K.S. AIYAR & CO.

Chartered Accountants

M.L.NARULA

Managing Director

A.K.JAIN

Whole-time Director

RAGHUVIR M. AIYAR

Partner

P.K.SINOR

Whole-time Director &

Company Secretary

N.H.ITALIA

President Finance

Mumbai, May 5, 2004