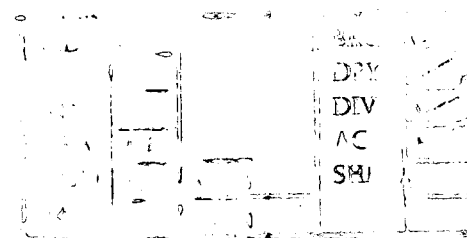
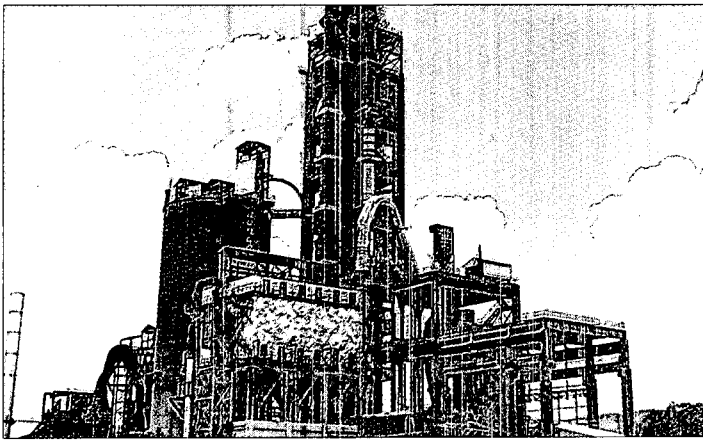
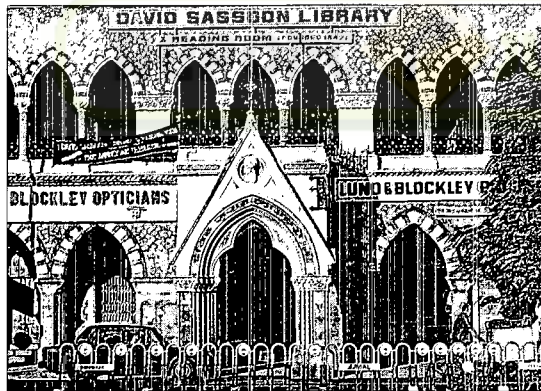
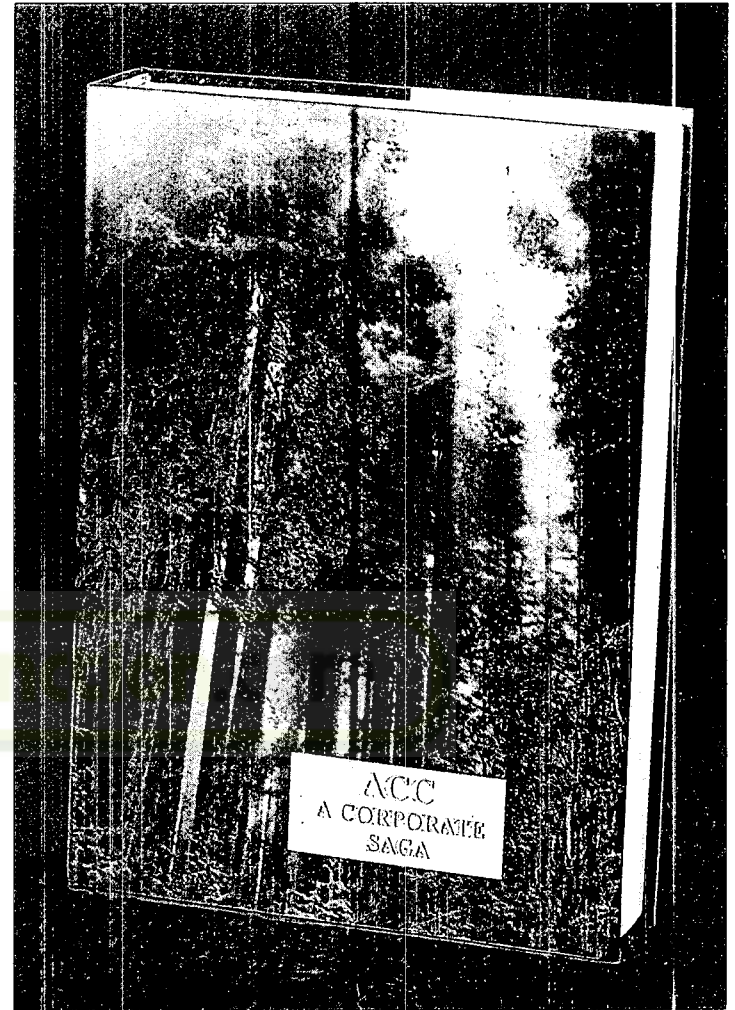


ACC





Clockwise from top : The modernized 80-year old Lakheri plant; the recently published ACC story – “ACC - A Corporate Saga;” conservation of Mumbai’s grade one “heritage” structures - the roof of Asiatic library; the Chatrapati Shivaji Terminus building (formerly VT station); and the David Sassoon library – three recent jobs undertaken by the conservation cell of RCD



ANNUAL REPORT 1996-97

BANKERS

STATE BANK OF INDIA
CENTRAL BANK OF INDIA
BANK OF INDIA
BANK OF BARODA
STATE BANK OF HYDERABAD
STATE BANK OF BIKANER &
JAIPUR
ORIENTAL BANK OF COMMERCE
CANARA BANK
CITIBANK N.A.
ANZ GRINDLAYS BANK
THE HONGKONG & SHANGHAI
BANKING CORP. LTD.
BANK OF AMERICA

AUDITORS

MESSRS A.F. FERGUSON & CO.
MESSRS K.S. AIYAR & CO.

SOLICITORS

S. R. VAKIL
MESSRS PAYNE & CO.
MESSRS GAGRAT & CO.

BOARD OF DIRECTORS

Mr. N. A. Palkhivala
Chairman

Mr. Pallonji S. Mistry
Deputy Chairman

Dr. S. Ganguly
Executive Vice-Chairman

Mr. T.M.M. Nambiar
Managing Director

Mr. S. R. Vakil

Mr. P. K. Mistry

Mr. Harish Mahindra

Mr. P.J. Jagus

Mr. D.S. Seth

Mr. N.A. Soonawala

Mr. K. P. Narasimhan

Mr. M.M. Rajoria
Wholtime Director

Dr. A.K. Chatterjee
Wholtime Director

Mr. M.L. Narula
Wholtime Director

Mr. J.N. Godbole
Nominee Director of Industrial Development
Bank of India

Mr. Amitabha Ghosh
Nominee Director of Unit Trust of India

Mr. B. Ramakrishna
Special Director nominated by
State Government of Andhra Pradesh

Mr. K. Jayabharath Reddy, IAS
Special Director nominated by
State Government of Andhra Pradesh

COMPANY SECRETARY

Mr. P.K. Sinor



REGISTERED OFFICE

CEMENT HOUSE
121, MAHARSHI KARVE ROAD,
MUMBAI 400 020.

ANNUAL REPORT OF SUBSIDIARY COMPANIES

ACC Machinery Company Limited
The Cement Marketing Company of
India Ltd.

ACC-Nihon Castings Limited
Bulk Cement Corporation (India) Ltd.
Damodhar Cement and Slag Limited

ANNUAL GENERAL MEETING

On September 3, 1997
Wednesday, at 3.45 p.m.
at Birla Matushri Sabhagar,
19, Sir Vithaldas Thackersey Marg,
Mumbai 400 020

Members are requested to kindly
bring their copies to the meeting.

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THE ASSOCIATED CEMENT COMPANIES, LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE SIXTY-FIRST ANNUAL GENERAL MEETING OF THE ASSOCIATED CEMENT COMPANIES, LIMITED will be held at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020, on Wednesday, September 3, 1997 at 3.45 p.m. to transact the following business:—

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the financial year ended March 31, 1997 and the Balance Sheet as at that date.
2. To declare a dividend.
3. To appoint a Director in place of Mr. N. A. Palkhivala who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Dr. S. Ganguly who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mr. T. M. M. Nambiar who retires by rotation and is eligible for reappointment.
6. To appoint a Director in place of Mr. N. A. Soonawala who retires by rotation and is eligible for reappointment.
7. To appoint a Director in place of Mr. P. K. Sinor who has been appointed a Director of the Company with effect from August 4, 1997 in the casual vacancy on the Board caused by the retirement of Mr. M. M. Rajoria and who holds office upto the date of the forthcoming Annual General Meeting under Section 262 of the Companies Act, 1956, but is eligible for reappointment and in respect of whom the Company has received notices in writing from some Members proposing his candidature for the office of Director pursuant to the provisions of section 257 of the Act.
8. To consider and, if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution :—
 "RESOLVED that pursuant to the provisions of Sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the appointment and terms of remuneration of Mr. P. K. Sinor Wholetime Director of the Company for a period of five years with effect from August 4, 1997, upon the terms and conditions set out in the draft Agreement submitted to this Meeting and signed by a Director for the purpose of identification, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Directors and Mr. Sinor."
9. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:—

"RESOLVED that Messrs A. F. Ferguson & Co. and Messrs K. S. Aiyar & Co., Chartered Accountants, be and are hereby reappointed Auditors of the Company for the financial year 1997-98 to hold office from the conclusion of the Sixty-First Annual General Meeting until the conclusion of the next Annual General Meeting of the



Company on a remuneration of Rs. 6.75 lakhs to each of them and that they also examine and audit the accounts of the factories and branch offices of the Company on a further remuneration to any one of them of Rs. 60,000 for each factory and overseas project, Rs. 25,000 for each branch office and Rs. 3,000 for each cement warehouse in India and that they be entitled to fees as agreed upon for any other consultation or certification work as may be required as also reimbursement of out-of-pocket, travelling and living expenses."

10. Notice received from Mr. Shyam Sundar Gupta, a Shareholder of the Company. To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:—

"RESOLVED that pursuant to the provisions of Section 257 of the Companies Act, 1956, Mr. Shyam Sundar Gupta be and is hereby appointed a Director of the Company."

11. Notices received from Mr. Bajranglal Gupta, a Shareholder of the Company.

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions:—

(i) "RESOLVED that pursuant to the provisions of Section 257 of the Companies Act, 1956, Mr. Bajranglal Gupta be and is hereby appointed a Director of the Company."

(ii) "RESOLVED that pursuant to the provisions of Section 284 of the Companies Act, 1956, Mr. N. A. Palkhivala, Chairman, be removed from the Board of Directors of the Company."

Notes : (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

(b) The Register of Members and Transfer Books of the Company will be closed from Friday, August 8, 1997 to Wednesday, September 3, 1997, both days inclusive.

(c) The Dividend when sanctioned will be paid on and from Tuesday, September 16, 1997 to those shareholders whose names stand on the Register of Members on Wednesday, September 3, 1997.

(d) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Items 7 to 11 as set out above are annexed hereto.

By Order of the Board,
For THE ASSOCIATED CEMENT COMPANIES, LIMITED,

Mumbai, July 29, 1997

Registered Office :

"Cement House"
121, Maharshi Karve Road,
Mumbai 400 020.

S. GANGULY
Executive Vice-Chairman



EXPLANATORY STATEMENTS

The following Explanatory Statements as required by Section 173 of the Companies Act, 1956, sets out all material facts relating to the business under Items 7 to 11 mentioned in the accompanying Notice dated July 29, 1997.

2. **Items 7 & 8 :** The Board of Directors have appointed Mr. P. K. Sinor a Director of the Company with effect from August 4, 1997, in the casual vacancy caused by the retirement of Mr. M. M. Rajoria with effect from August 3, 1997. The Board has also appointed Mr. Sinor Wholtime Director for a period of five years with effect from the aforesaid date. Prior to his appointment as a Wholtime Director, Mr. Sinor was holding the position of President — Materials & Company Secretary. Mr. P. K. Sinor is a Commerce graduate from the University of Bombay and is a Fellow Member of The Institute of Company Secretaries of India. Prior to his joining the Company in 1976, he had served ACC-Babcock Limited and earlier Tata Textiles Group as Company Secretary.

3. Under Section 262 of the Companies Act, 1956, Mr. Sinor holds office as a Director only till the date upto which Mr. Rajoria in whose place he has been appointed would have held office had he not retired, viz., till the date of the forthcoming Annual General Meeting. Notices under Section 257 of the Act have been received from some Members signifying their intention to propose the appointment of Mr. Sinor as a Director of the Company. In view of Mr. Sinor's professional qualifications and his long and varied experience in the Organization, his appointment on the Board of Directors is in the interest of the Company.

4. The draft Agreement between the Company and Mr. Sinor, inter alia, contains the following terms and conditions : —

- i) **Period of Appointment :** Five years with effect from August 4, 1997
- ii) **Salary :** Rs. 35,000 per month in the scale
Rs. 25,000 — Rs. 60,000.

The annual increment will be effective April 1 each year and will be decided by the Board each year and will be merit based and take into account the Company's performance.

- iii) **Commission**

Such remuneration by way of commission, in addition to the salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956. The commission payable to the Wholtime Director will range from six months to four years of his annual salary to be determined by the Board at the end of each financial year. The specific amount payable to the Wholtime Director will be based on certain performance criteria to be decided by the Board and



will be payable annually after the Annual Accounts have been approved by the Board of Directors and adopted by the Members.

Commission shall be included as part of salary for the purpose of making contributions to the Provident Fund and the Superannuation Fund.

iv) Perquisites and Allowances :

In addition to the salary and commission payable, the Wholetime Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs; medical reimbursement; leave travel concession for the Wholetime Director and his family; club fees; medical insurance and such other perquisites and allowances in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and the Wholetime Director, such perquisites and allowances will be subject to a maximum of 125% of his annual salary.

Perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost. Provision for use of Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

v) Provident Fund, Superannuation / Annuity Fund :

Company's contribution to Provident Fund and Superannuation or Annuity Fund to the extent these either singly or together are not taxable under the Income-tax Act. Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure of the Wholetime Director shall not be included in the computation of limits for the remuneration of perquisites as aforesaid.

vi) Minimum Remuneration :

Notwithstanding anything to the contrary herein, contained, where in any financial year during the currency of the tenure of the Wholetime Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above.

vii) The terms and conditions of appointment may be varied, altered, increased, enhanced or widened from time to time by the Board as it may in its discretion deem fit, within the maximum amount payable in accordance with the provisions of the Companies Act, 1956 or any amendments made hereafter in this regard.

viii) The draft Agreement between the Company and the Wholetime Director also contains the following terms and conditions :—



- (a) The Wholetime Director shall conduct the day to day management of the Company subject to the supervision and control of the Board of Directors, the Executive Vice-Chairman and the Managing Director.
- (b) If at any time the Wholetime Director ceases to be a Director of the Company for any reason whatsoever, he shall cease to be the Wholetime Director in terms of this Agreement which shall forthwith stand terminated.
- (c) If at any time the Wholetime Director ceases to be in the employment of the Company for any cause whatsoever, he shall cease to be a Director of the Company.
- (d) The Wholetime Director is appointed by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283 (1) (I) of the Companies Act, 1956, while at the same time he is liable to retire by rotation.
- (e) The Wholetime Director shall not be entitled to supplement his earnings under this Agreement with any buying or selling commission nor shall he become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the approval of the Central Government.
- (f) The Wholetime Director shall not have the following powers :
 - i) To make calls on the shareholders in respect of monies unpaid on shares of the Company.
 - ii) To issue debentures.
 - iii) To invest the funds of the Company in shares, stocks and securities.
- (g) The Agreement may be terminated by either party giving the other party six months notice or the Company paying six months' salary in lieu thereof.
- (h) The draft Agreement also sets out the mutual rights and obligations of the Company and the Wholetime Director.

5. In compliance with the provisions of the Companies Act, 1956, the terms of appointment and remuneration specified above are being placed before the Members in General Meeting for their approval.

6. The draft of the Agreement to be entered into by the Company with Mr. P. K. Sinor, Wholetime Director is available for inspection by the Members of the Company at the Registered Office of the Company between 10.30 a.m. and 12.30 p.m. on any working day of the Company.

7. Mr. P. K. Senor is concerned/interested in the Resolution at Item 8 of the Notice.



8. This may also be treated as an abstract of the terms of the draft Agreement between the Company and Mr. P. K. Sinor pursuant to Section 302 of the Companies Act, 1956.

9. The Board commends the Resolutions at Items 7 and 8 of the Notice for acceptance by the Members.

9. **Item 9 :** Section 224-A of the Companies Act, 1956, provides that in the case of a company in which not less than 25% of the subscribed share capital is held either singly or in any combination by Public Financial Institutions, Government Companies etc. the appointment or reappointment of an auditor of that company has to be made by a Special Resolution.

10. In the case of the Company, the holdings of the aforesaid bodies collectively exceed 25% of its subscribed share capital. Hence, a Special Resolution is required to be passed to reappoint Messrs A. F. Ferguson & Co. and Messrs K. S. Aiyar & Co., as the Company's Auditors on the terms and conditions contained in the Resolution.

11. As required under Section 224 of the Act, certificates have been received from the Auditors, that their appointments, if made, will be in accordance with the limits prescribed therein.

12. **Item 10 :** Mr. Shyam Sundar Gupta, a shareholder holding one share in the Company has vide his letter No. 101/19-19:3-5 dated January 21, 1997, given Notice to the Company under Section 257 of the Companies Act, 1956, proposing himself as a candidate for the office of Director. Members will recall that Mr. Gupta had given a similar Notice to the Company vide his letter of February 27, 1995, pursuant to which the Resolution pertaining to his appointment as Director was placed before the Members of the Company at the Fifty Ninth Annual General Meeting held on August 30, 1995. None of the Members present at that Meeting proposed or supported the Resolution.

13. The Resolution for the appointment of Mr. Shyam Sundar Gupta as Director of the Company is being placed before the Members as required by law. **It must however be made clear that it is not the intention of the Board of Directors to support this Resolution.**

14. **Item 11 :** Mr. Bajranglal Gupta, a shareholder holding 52 shares in the Company has vide his letter dated March 26, 1997 given Notice to the Company under Section 257 of the Companies Act, 1956, proposing himself as a candidate for the office of Director.

15. He has vide his letter of even date, also given another Notice to the Company under Section 284 of the Act, for the removal of the Chairman from the Board of Directors of the Company on the grounds that "Chairman has no time to see the problems of investors. He can't solve the problem of investor. He has no time to give the proper reply of investors' letters."