

65TH ANNUAL REPORT

2000-2001



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THE ASSOCIATED CEMENT COMPANIES LIMITED

■ CORPORATE OFFICE

1. Cement House, Mumbai (Maharashtra)

RESEARCH AND CONSULTANCY DIRECTORATE

2. Central Research Station, Thane (Maharashtra)
3. MRD Logistics Base Nagpur (Maharashtra)

CEMENT PLANTS

4. Chaibasa (Jharkhand)
Capacity: 6.12 LT
5. Chanda (Maharashtra)
Capacity: 10.00 LT
6. Gagal I (Himachal Pradesh)
Capacity: 9.84 LT
7. Gagal II (Himachal Pradesh)
Capacity: 17.16 LT
8. Jamul (Chhatisgarh)
Capacity: 15.84 LT
9. Kymore Mehgaon (M.P.)
Capacity: 17.00 LT
10. Lakheri (Rajasthan)
Capacity: 6.00 LT
11. Madukkarai (Tamil Nadu)
Capacity: 9.60 LT
12. Mancheril (Andhra Pradesh)
Capacity: 3.31 LT
13. Sindri (Jharkhand)
Capacity: 6.00 LT
14. Tikaria (U.P.)
Capacity: 6.00 LT
15. Wadi (Karnataka)
Capacity: 20.47 LT
16. Wadi New Plant (Karnataka)
Capacity: 26.00 LT

● REFRACTORIES

17. Katni Refractories (M.P.)
18. Kymore Refractories (M.P.)
19. Nagpur Refractories (Maharashtra)

ADVANCED MATERIALS

20. Dylun Demonstration Centre Salt Lake City, Kolkata (W.B.)
21. Advanced Microwave Materials Centre Salt Lake City, Kolkata (W.B.)

● CEMENT MARKETING OFFICES

22. Ahmedabad
23. Bangalore
24. Bhopal
25. Chandigarh
26. Coimbatore
27. Kanpur
28. Kolkata
29. Mumbai
30. New Delhi
31. Patna
32. Pune

● TRAINING INSTITUTES

33. Sumant Moolgaokar Engineering Institute (Formerly Kymore Engineering Institute) Kymore (M.P.)
34. Technical and Management Training Centre, RCD, Thane (Maharashtra)
35. Regional Training Centre (World Bank/Danida) Jamul (Chhatisgarh)

RMC PLANT LOCATIONS

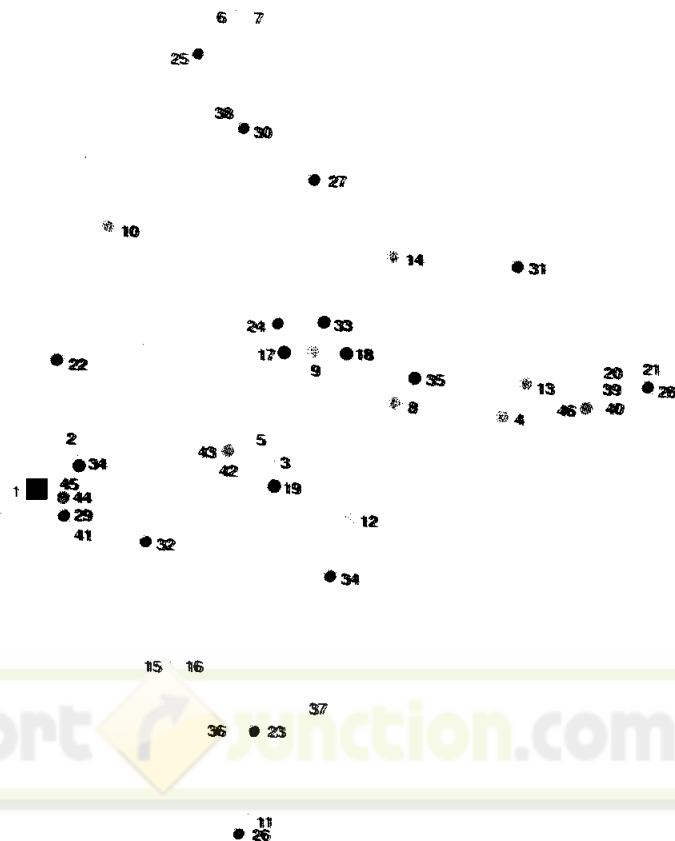
36. Bangalore -2 Units
37. Chennai
38. Delhi
39. Haldia
40. Kolkata
41. Mumbai -5 Units

● SUBSIDIARIES

42. ACC Machinery Company Ltd. (AMCL) Nagpur (Maharashtra)
43. ACC-Nihon Castings Ltd. (ANCL) Nagpur (Maharashtra)
44. The Cement Marketing Company of India Ltd. Mumbai (Maharashtra)
45. Bulk Cement Corporation (India) Ltd. Mumbai (Maharashtra)
46. Damodhar Cement and Slag Ltd. Madhukunda (W.B.)

● OVERSEAS

- Yanbu Cement Co (KSA)
Iran and India Cement
Engineering Consultants PJS Tehran, Iran



THE NETWORK

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1. Cement House, Mumbai (Maharashtra)

● RESEARCH AND CONSULTANCY DIRECTORATE

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RMC PLANT LOCATIONS

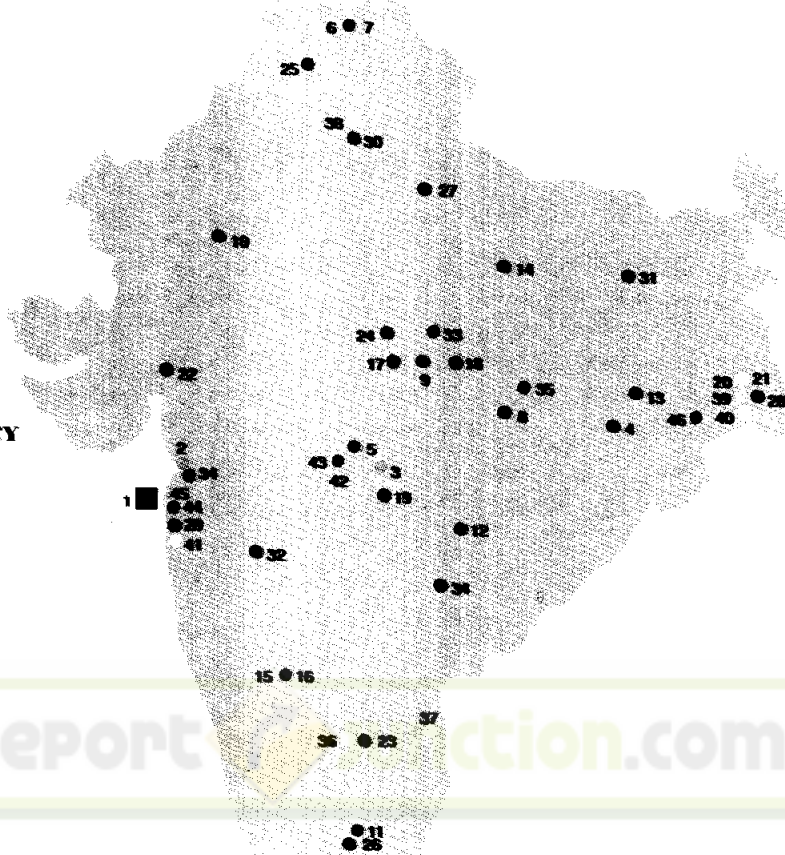
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● OVERSEAS

- Yanbu Cement Co (KSA)
Iran and India Cement
Engineering Consultants PIS Tehran, Iran





ANNUAL REPORT 2000-2001

BOARD OF DIRECTORS

Mr. N. A. Palkhivala
Chairman Emeritus

Mr. Tarun Das
Chairman

Mr. N. S. Sekhsaria
Deputy Chairman

Mr. T.M.M. Nambiar
Managing Director

Mr. P. K. Mistry

Mr. P. J. Jagus

Mr. N. A. Soonawala

Mr. O. P. Dubey

Mr. A. L. Kapur

Dr. A. K. Chatterjee
Wholtime Director

Mr. M. L. Narula
Wholtime Director

Mr. P. K. Sinor
Wholtime Director & Company Secretary

Mr. J. N. Godbole
Nominee Director of Industrial Development
Bank of India (Upto May 15, 2001)

Mr. Amitabha Ghosh
Nominee Director of Unit Trust of India

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

Mr. P. V. Rao, IAS
Special Director nominated by
State Government of Andhra Pradesh

BANKERS

STATE BANK OF INDIA
BANK OF BARODA
BANK OF INDIA
CENTRAL BANK OF INDIA
CANARA BANK
STATE BANK OF HYDERABAD
STATE BANK OF BIKANER & JAIPUR
STANDARD CHARTERED GRINDLAYS
BANK LTD.
BANK OF AMERICA
CITI BANK N.A.
THE HONGKONG & SHANGHAI
BANKING CORPORATION LIMITED

AUDITORS

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

SOLICITORS

MESSRS PAYNE & CO.
MESSRS GAGRAT & CO.

CONTENTS

• Notice	iii-xiii
• Management Discussion and Analysis	xiv-xxx
• Corporate Governance	xxxi-xliii
• Directors' Report	1-6
• Auditors' Report	7-9
• Balance Sheet	10
• Profit and Loss Account	11
Schedules —	
• 1 to 3 and A to O	12-33
• Balance Sheet Abstract and Company's General Profile	34
• Cash Flow Statement	35
• Statement relating to Subsidiary Companies	36

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 Limited

ACC-Nihon Castings Limited

Bulk Cement Corporation (India) Ltd.

Damodhar Cement and Slag Limited

ANNUAL GENERAL MEETING

On Thursday, July 12, 2001
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 of the Annual
Report to the Meeting.



NOTICE

NOTICE IS HEREBY GIVEN THAT THE SIXTY-FIFTH ANNUAL GENERAL MEETING OF THE ASSOCIATED CEMENT COMPANIES LIMITED will be held at **Birla Matushri Sabhaghar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020 on Thursday, July 12, 2001 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, 2001 and the Balance Sheet as at that date.

2. To declare a dividend.

3. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:-

"RESOLVED that Mr N A Palkhivala, a Director liable to retire by rotation who does not seek re-election, is therefore not reappointed a Director of the Company.

RESOLVED FURTHER that the vacancy on the Board of Directors of the Company so created be not filled."

4. To appoint a Director in place of Mr. P. K. Mistry who retires by rotation and is eligible for reappointment.

5. To appoint a Director in place of Mr. P. J. Jagus who retires by rotation and is eligible for reappointment.

6. To appoint a Director in place of Mr. O. P. Dubey who retires by rotation and is eligible for reappointment.

7. To appoint Messrs A. F. Ferguson & Co. and Messrs K. S. Aiyar & Co., Chartered Accountants, as the Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration to be fixed by the Board of Directors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the Accounts of the Company for the year ending March 31, 2002.

**REAPPOINTMENT &
TERMS OF
REMUNERATION OF
MR. T. M. M. NAMBIAR
MANAGING DIRECTOR**

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, 311 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the reappointment and terms of remuneration of Mr T. M. M. Nambiar, Managing Director of the Company, for the period April 1, 2001 upto May 31, 2002 upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in the financial years during the aforesaid period) 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 Nambiar."

**REAPPOINTMENT &
TERMS OF
REMUNERATION OF
DR. A. K. CHATTERJEE
WHOLETIME DIRECTOR**

9. 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, 311 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the reappointment and terms of remuneration of Dr A. K. Chatterjee, Wholetime Director of the Company, for a period of two years commencing from April 1, 2001 upon the terms and conditions (including the remuneration to be paid



**REAPPOINTMENT &
TERMS OF
REMUNERATION OF
MR. M. L. NARULA
WHOLETIME DIRECTOR**

in the event of loss or inadequacy of profits in any financial year during the aforesaid period) 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 Dr Chatterjee."

10. 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, 311 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the reappointment and terms of remuneration of Mr M. L. Narula, Wholetime Director of the Company, for a period of two years commencing from April 1, 2001 upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) 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 Narula."

**REVISION IN THE
TERMS OF
REMUNERATION OF
MR. P. K. SINOR
WHOLETIME DIRECTOR**

11. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:-

"RESOLVED that in partial modification of Resolution No. 8 passed at the Annual General Meetings held on September 3, 1997 and July 7, 1999 for the appointment and terms of remuneration of Mr P. K. Sinor, Wholetime Director of the Company, and in accordance with the provisions of Sections 269, 309, 310 and other applicable provisions if any, of the Companies Act, 1956, the Company hereby approves of the variation in the terms of remuneration of Mr P.K. Sinor, Wholetime Director, (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year) for the remainder of the tenure of his contract as set out in the draft Supplemental Agreement submitted to this Meeting and signed by a Director for the purpose of identification, which Agreement is hereby specially sanctioned with liberty to the Directors to alter and vary the terms and conditions thereof in such manner as may be agreed to between the Directors and Mr Sinor."

**EMPLOYEES' STOCK
OPTION SCHEME
(ESOS)**

12. To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution :-

"RESOLVED that in accordance with the provisions of Sections 79A, 81 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof) and in accordance with the provisions of the Articles of Association of the Company and the regulations/guidelines prescribed by the Securities and Exchange Board of India or any other relevant authority, from time to time to the extent applicable and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to grant to such employees as are in the permanent employment of the Company in the management cadre, at such time the grant is made including the Directors of the Company, as may be decided solely by the Board, an aggregate of upto 15,00,000 Options under the Employees Stock Option Scheme (ESOS) during the financial year 2001-2002, each Option convertible into one Equity Share of face



value of Rs.10 each on payment of such exercise price as may be decided by the Board and therefor to issue or allot, such number of Equity Shares of the Company, at such price, in such manner, during such period, in one or more tranches and on such terms and conditions, as the Board may decide, as set out in the Explanatory Statement hereto, not exceeding 15,00,000 Equity Shares of the Company.'

'RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required in pursuance of the above Issue, and that the Equity Shares so issued or allotted shall rank in all respects pari passu with the existing Equity Shares of the Company.'

'RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form and terms of the Issue, the Issue price and all other terms and matters connected therewith, and to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary or desirable for such purpose, and to make and accept any modifications in the proposal, including to withdraw, suspend or revive the Scheme from time to time, as may be required by the authorities involved in such issues and to settle any questions or difficulties that may arise in regard to the Issue.'

**ESOS — EXTENSION
OF THE SCHEME TO
EMPLOYEES OF THE
COMPANY'S
SUBSIDIARIES**

13. To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution :-

"RESOLVED that in accordance with the provisions of Sections 79A, 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and in accordance with the provisions of the Articles of Association of the Company and the regulations/guidelines prescribed by the Securities and Exchange Board of India or any other relevant authority, from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to extend the benefits of the Employees' Stock Option Scheme (ESOS) proposed in the Resolution under Item 12 of this Notice to such employees in the management cadre as are in the permanent employment of the Company's Subsidiaries including Directors as may from time to time be allowed under the prevailing laws, rules and regulations, and/or amendments thereto from time to time, on such terms and conditions as may be decided by the Board.'

'RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required in pursuance of the above Issue, and that the Equity Shares so issued or allotted shall rank in all respects pari passu with the existing Equity Shares of the Company.'

'RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form and terms of the Issue, the Issue price and all other terms and matters connected therewith, and to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary or desirable for such purpose, and to make and accept any modifications in the proposal, including to withdraw, suspend or revive the Scheme from time to time, as may be required by the authorities involved in such issues and to settle any questions or difficulties that may arise in regard to the Issue.'



**CONTRIBUTIONS FOR
CHARITABLE
PURPOSES**

14. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :-

"RESOLVED that pursuant to Section 293 (1) (e) of the Companies Act, 1956, the Company hereby approves of expenditure/donations not exceeding Rs.1.00 Crore (Rupees One Crore only) proposed to be made/incurred by the Company for the rehabilitation of the people affected by the earthquake in Gujarat during the financial year 2001- 2002 and further approves, ratifies and confirms the contributions made by the Board of Directors to charitable and other funds not directly relating to the business of the Company or the welfare of its employees aggregating Rs. 2,02,567/- (Rupees two lakhs two thousand five hundred sixtyseven only) notwithstanding that the said contribution(s) exceed 5% of the average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding."

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 Saturday, June 30, 2001 to Thursday, July 12, 2001 both days inclusive.

(c) The Dividend when sanctioned will be paid on and from August 1, 2001 to those shareholders whose names stand on the Register of Members on July 12, 2001. The dividend in respect of shares held in the electronic form will be paid to the beneficial owners of shares as on June 29, 2001 as per details furnished by the Depositories for this purpose.

(d) Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for change/deletion in such bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may therefore give instructions regarding bank accounts in which they wish to receive dividend, to their Depository Participants.

(e) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item 3 and Items 8 to 14 as set out above are annexed hereto.

(f) As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available for shareholders, debenture holders and fixed deposit holders in respect of the shares, debentures and deposits held by them. Nomination forms can be obtained from the Share Department/Fixed Deposit Section of the Company.

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

P. K. Sinor
Wholetime Director & Company Secretary

Mumbai, May 25, 2001
Registered Office :
"Cement House"
121, Maharshi Karve Road,
Mumbai 400 020.



EXPLANATORY STATEMENTS

The following Explanatory Statements, as required by Section 173 of the Companies Act, 1956, set out all material facts relating to the business under Item 3 and Items 8 to 14 mentioned in the accompanying Notice dated May 25, 2001.

2. **Item 3 :** In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Company's Articles of Association, Mr N A Palkhivala retires by rotation and has not sought re- election on health grounds. It has been decided by the Board that the vacancy so created on the Board of Directors of the Company should not be filled. Mr Palkhivala will continue as Chairman Emeritus for life as was earlier decided by the Board. Members' attention is drawn to Para 18.1 of the Directors' Report.

3. **Items 8 to 10 :** The Board of Directors have reappointed Mr T M M Nambiar as Managing Director of the Company for a further period from April 1, 2001 till May 31, 2002.

4. Mr Nambiar is a Commerce Graduate and a Chartered Accountant. He joined ACC in November 1975 as Financial Controller, responsible for the entire finance and accounting functions of the Company. In January 1982, Mr. Nambiar was promoted as Director – Finance. He was appointed Wholtime Director on December 21, 1988 which position he held till his appointment as Managing Director on April 1, 1996. Prior to joining ACC, Mr. Nambiar held senior positions in finance and accounts in large multi-national companies – Burmah Shell and Indian Oxygen Limited for over 16 years. Mr Nambiar is also a Director on the Board of some of the subsidiary/ associate companies of ACC. He has been elected as the President of Cement Manufacturers' Association and Chairman of the Board of Governors of National Council of Building Materials.

5. The Board has also reappointed Dr. A K Chatterjee and Mr M L Narula as Wholtime Directors, for a period of two years with effect from April 1, 2001.

6. Dr A K Chatterjee holds an M.Sc. Degree from Calcutta University. He obtained a Ph.D. from Moscow University, Russia (specialised in Materials Science with special reference to cement and ceramic technology). During his tenure of service with the Company since January 1980, Dr. Chatterjee has held various senior positions including that of Director & Chief Executive in charge of the Research & Consultancy Directorate. He was appointed Wholtime Director with effect from April 1, 1996. He is responsible for Projects, R&D and other businesses/ joint ventures. Prior to his joining ACC, Dr. Chatterjee has held various teaching positions in IIT Kharagpur and other Foreign Institutions. He was the General Manager of National Council for Cement and Building Materials from September 1972 till January 1980.

7. Mr Narula is a First Class B.Sc. Engineering (Electrical) Graduate from Punjab University and is a Fellow of the Institute of Engineers. He joined the Company in January 1963 and has held senior positions in the Company including that of Director Technical in charge of the Cement Works. He was appointed Wholtime Director with effect from April 1, 1996. He is responsible for the cement business.



8. The terms of reappointment and remuneration of Mr T M M Nambiar, Managing Director, Dr. A K Chatterjee and Mr M L Narula, Wholtime Directors, (hereinafter referred to as the "Appointees") inter alia contain the following principal terms and conditions:-

i) **SALARY**

Name of the Appointees & Designation	Period of reappointment	Salary per month as at March 31, 2001	Proposed Salary per month with effect from April 1, 2001
Mr T M M Nambiar Managing Director	From 1-4-2001 Upto 31-5-2001	Rs.1,00,000/- in the grade Rs.35,000 – Rs.1,50,000	Rs.1,25,000/- in the grade Rs 75,000/- Rs.1,50,000
Dr A K Chatterjee Wholtime Director	Two years w.e.f. 1-4-2001	Rs.75,000/- in the grade Rs.25,000 – Rs.1,00,000	Rs. 85,000/- in the grade Rs.40,000/- Rs.1,25,000
Mr M L Narula Wholtime Director	Two years w.e.f. 1-4-2001	Rs.75,000/- in the grade Rs.25,000 – Rs.1,00,000	Rs.95,000/- in the grade Rs.40,000/- Rs.1,25,000

The annual increments 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.

ii. **PERFORMANCE INCENTIVE**

Such remuneration by way of Performance Incentive payment upto an amount equivalent to a maximum of twenty four months of their respective salary, in addition to the salary, perquisites and allowances payable, 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 specific amount payable to the Appointees will be decided by the Board or the Compensation Committee of the Board.

Under their previous Agreements, the aforesaid Directors were eligible to receive commission calculated, with reference to the net profits ranging from six months to four years of their annual salaries. On the recommendation of the Compensation Committee, your Board has rationalized this perquisite by changing it to Performance Incentive and limiting the maximum amount payable to twenty four months salary. Performance Incentive payment unlike Commission will not be included as part of salary for the purpose of making contributions to the Provident Fund and Superannuation Fund of the Directors.

iii. **PERQUISITES & ALLOWANCES**

In addition to the salary and performance incentive payable, the Appointees 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