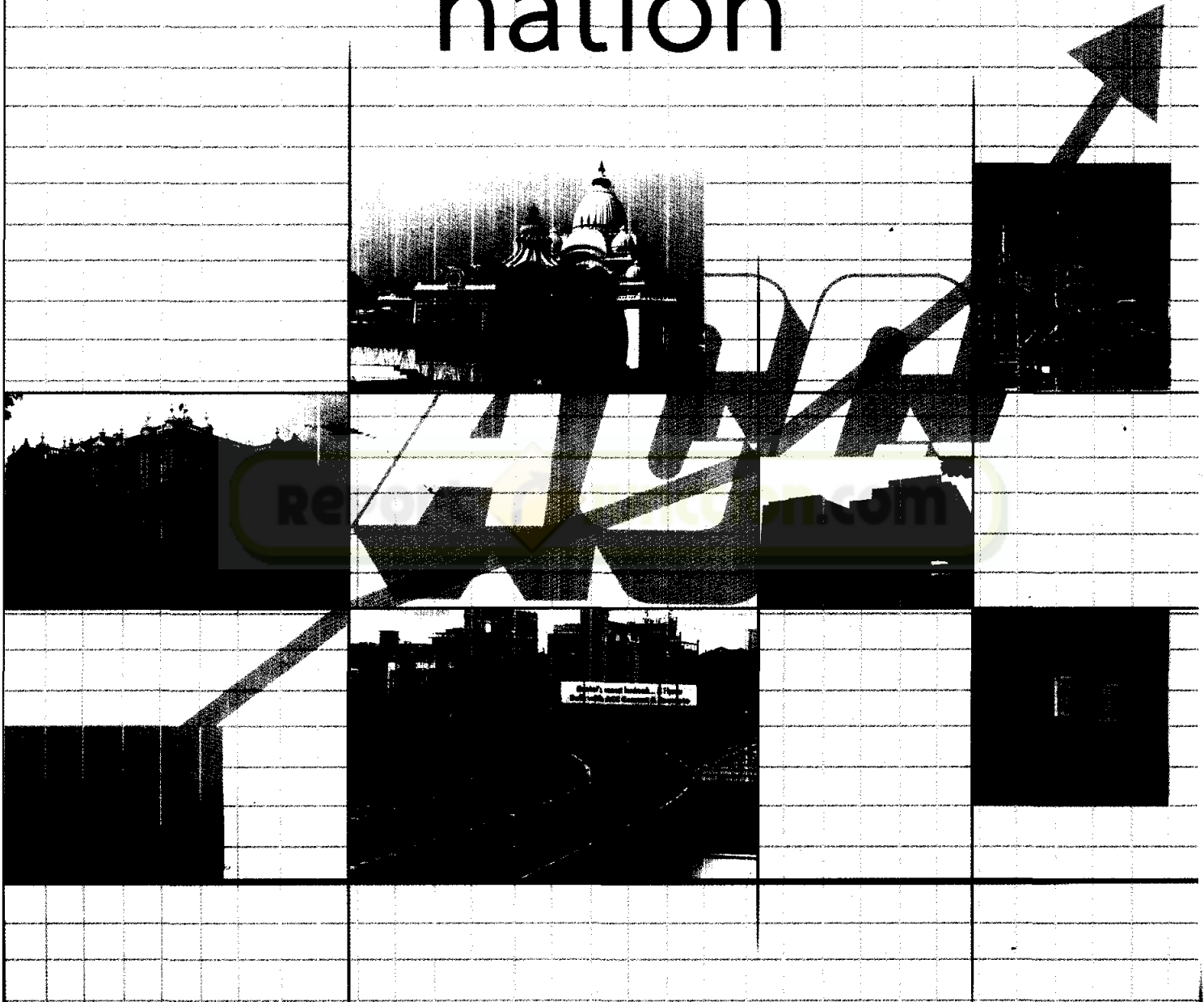




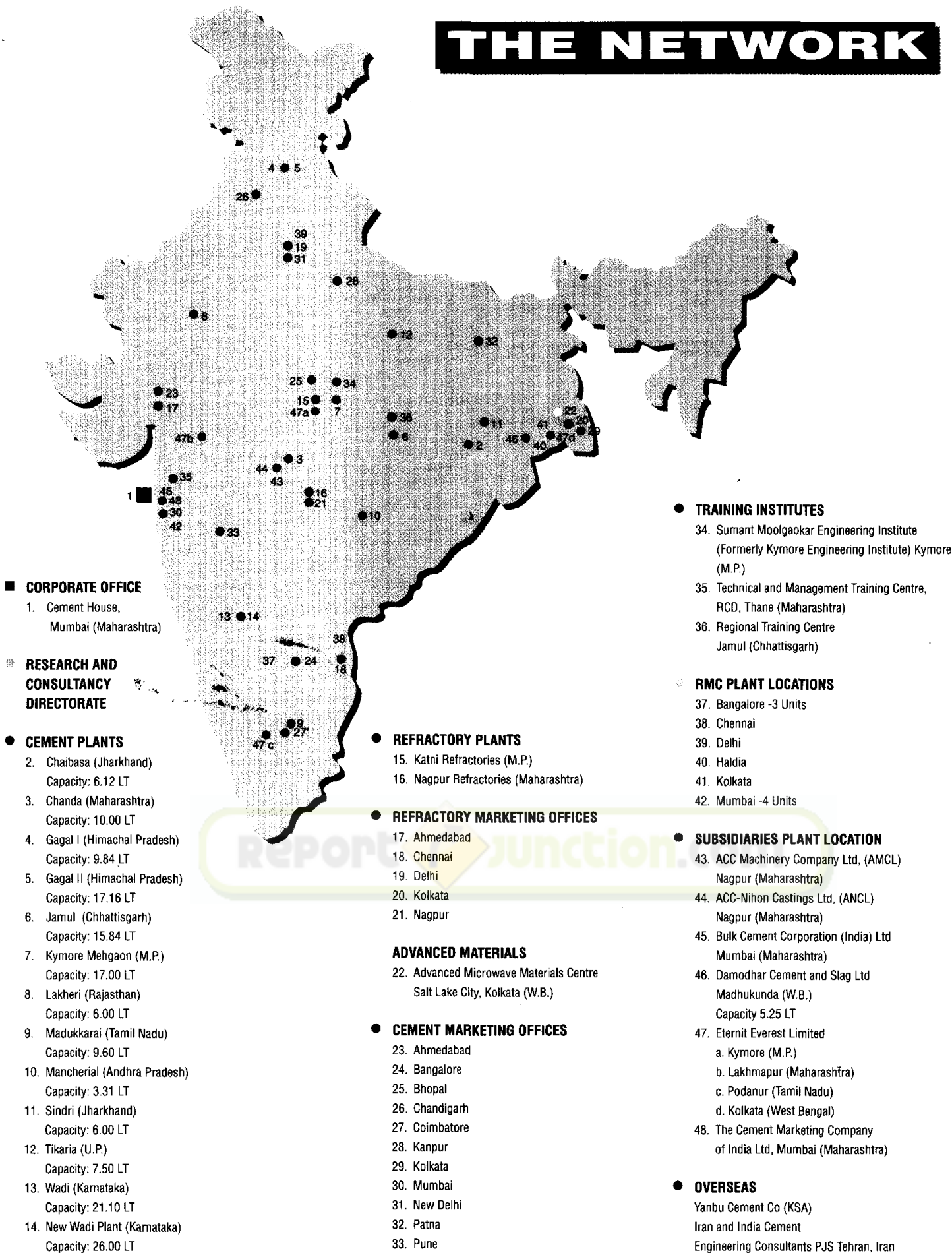
THE ASSOCIATED CEMENT COMPANIES LIMITED

Building the nation



66TH ANNUAL REPORT 2001-2002

THE NETWORK





ANNUAL REPORT 2001-2002

Mr. N. A. Palkhivala
Chairman Emeritus

BOARD OF DIRECTORS

Mr. Tarun Das
Chairman

Mr. N. S. Sekhsaria
Deputy Chairman

Mr. T.M.M. Nambiar
Managing Director

Mr. N. A. Soonawala

Mr. O. P. Dubey

Mr. A. L. Kapur

Mr. S. M. Palia

Mr. Cyril S. Shroff

Mr. M. L. Narula
Wholetime Director & Chief Operating Officer

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

Mr. A. K. Jain
Wholetime Director

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 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.

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REGISTERED OFFICE

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

Website: www.acclimited.com

ANNUAL REPORT OF SUBSIDIARY COMPANIES

ACC Machinery Company Limited
ACC-Nihon Castings Limited
Bulk Cement Corporation (India) Ltd.
Damodhar Cement and Slag Limited
Eternit Everest Limited
The Cement Marketing Company of
India Limited

ANNUAL GENERAL MEETING

On Wednesday, July 3, 2002
at 3.30 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-SIXTH ANNUAL GENERAL MEETING OF THE ASSOCIATED CEMENT COMPANIES LIMITED will be held at **Birla Matushri Sabhagar, 19, Sir Vitthaladas Thackersey Marg, Mumbai 400 020 on Wednesday, July 3, 2002 at 3.30 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, 2002 and the Balance Sheet as at that date.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Tarun Das who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. N S Sekhsaria who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mr. M L Narula who retires by rotation and is eligible for reappointment.
6. To appoint a Director in place of Mr A K Jain who was appointed a Director of the Company with effect from January 25, 2002 in the casual vacancy on the Board caused by the premature retirement of Dr. A K Chatterjee and who holds office upto the date of the forthcoming Annual General Meeting of the Company under Section 262 of the Companies Act, 1956, but who is eligible for reappointment and in respect of whom the Company has received notices in writing under the provisions of Section 257 of the Act, from some Members proposing his candidature for the office of Director.
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 such remuneration as agreed upon by the Board of Directors and the Auditors, 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, 2003.
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 June 1, 2002 till November 30, 2002 upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in the 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 reappointment and/or Agreement in such manner as may be agreed to between the Directors and Mr Nambiar."

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

**REAPPOINTMENT &
TERMS OF
REMUNERATION OF
MR P K SINOR
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 Mr P K Sinor, Wholetime Director of the Company, for the period August 4, 2002 till July 31, 2004 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 reappointment and/or Agreement in such manner as may be agreed to between the Directors and Mr Sinor."

**APPOINTMENT &
TERMS OF
REMUNERATION OF
MR A K JAIN
WHOLETIME
DIRECTOR**

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 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the appointment and terms of remuneration of Mr A K Jain, Wholetime Director of the Company, for a period of three years commencing from January 25, 2002 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 Jain."

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

11. 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 2002-2003, 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 therefore 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 (Fifteen Lakh) 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**

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 extend the benefits of the Employees' Stock Option Scheme (ESOS) proposed in the Resolution under Item 11 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.' "

- 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 15, 2002 to Wednesday, July 3, 2002 both days inclusive.
 - (c) The Dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members on July 3, 2002. The dividend in respect of shares held in the electronic form will be paid to the beneficial owners of shares whose names appear in the list furnished by the Depositories for this purpose as on June 14, 2002. The dividend will be paid from July 15, 2002.
 - (d) The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend.
 - (e) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item 6 and Items 8 to 12 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 in respect of the shares held by them. Nomination forms can be obtained from the Share Department of the Company.

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

P. K. Sinor
Wholetime Director & Company Secretary

Mumbai, May 16, 2002

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 6 and Items 8 to 12 mentioned in the accompanying Notice dated May 16, 2002.

2. Item 6 and Items 8 to 10 : The Board of Directors has appointed Mr A K Jain as a Director of the Company with effect from January 25, 2002, in the casual vacancy caused by the premature retirement of Dr A K Chatterjee. The Board has also appointed Mr A K Jain as a Wholetime Director for a period of three years with effect from the aforesaid date. Prior to his appointment as a Wholetime Director, Mr Jain was holding the position of President – Marketing. Mr A K Jain is a B.Tech (Hons.) in Chemical Engineering from IIT, Mumbai. He joined the Company in 1969 as a Graduate Engineering Trainee. He has had an outstanding career in the Company with a rich and varied experience of handling R&D, Refractories Business, Human Resources and cement marketing functions at senior levels in the Company. He is presently in charge of the Company's cement marketing function and Ready Mixed Concrete and Refractories businesses. He is a member of the Managing Committee of Cement Manufacturers' Association and is the Chairman of its Apex Marketing Committee. He is also a Director on the Board of some of the subsidiary and associate Companies of ACC.

3. Under Section 262 of the Companies Act 1956 Mr Jain holds office as a Director only till the date upto which Dr A K Chatterjee in whose place he has been appointed would have held office 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 A K Jain as a Director of the Company. In view of Mr Jain's qualifications and his long and varied experience, his appointment on the Board is in the interest of the Company.

4. The Board of Directors has reappointed Mr T M M Nambiar as Managing Director of the Company for the period June 1, 2002 till November 30, 2002.

5. 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 Wholetime 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 multinational 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 and associate Companies of ACC. He is the President of Cement Manufacturers' Association and Chairman of the Board of Governors of National Council for Cement and Building Materials, New Delhi.

6. The Board of Directors has reappointed Mr P K Sinor as Wholetime Director, for the period August 4, 2002 till July 31, 2004.

7. Mr Sinor is a commerce graduate and a Fellow Member of the Institute of Companies Secretaries of India. He joined ACC in 1976 as Jt. Company Secretary (on transfer from ACC-Vickers-Babcock Ltd.) and was appointed as Company Secretary in April 1979. In 1985 he was elevated to the position of Functional Director. In 1994, in addition to his responsibilities as Company Secretary, he was



given charge of heading the Materials Management Division of the Company. His present responsibilities as Wholetime Director & Company Secretary cover Corporate Affairs including legal and company secretarial functions, Investor Relations and matters pertaining to shares and Information Technology/Services. He is also a Director on the Board of some of the subsidiary and associate Companies of ACC.

8. The terms of reappointment/appointment and remuneration of Mr T M M Nambiar, Managing Director, Mr P K Sinor and Mr A K Jain Wholetime 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/ appointment | Salary per month as at April 1, 2002 |
|--------------------------------------|--------------------------------------|--|
| Mr T M M Nambiar, Managing Director | From 1-6-2002 till 30-11-2002 | Rs. 1,50,000 in the grade Rs 75,000 – Rs. 1,50,000 |
| Mr P K Sinor Wholetime Director | From 4-8-2002 till 31-7-2004 | Rs. 1,05,000 in the grade Rs.40,000 – Rs. 1,25,000 |
| Mr A K Jain Wholetime Director | Three years w.e.f. 25-1-2002 | Rs. 85,000 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 or the Compensation Committee of 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 or the Compensation Committee 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.

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 as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for the Appointees and their families, club fees, personal accident 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 Appointees, such perquisites and allowances will be subject to a maximum of 125% of the annual salary of the Appointees.

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 the 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.

iv. 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 their tenures shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

v. MINIMUM REMUNERATION

Notwithstanding anything herein, where in any financial year during the currency of the tenure of the Appointees, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above, subject to the requisite approvals being obtained.

vi. The terms and conditions of the aforesaid reappointments/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 amounts payable in accordance with the provisions of the Companies Act, 1956 or any amendments made hereafter in this regard.

vii. The draft Agreements between the Company and the Appointees *inter alia* also contain the following terms and conditions :-

(a) The Managing Director shall conduct the day-to-day management of the Company subject to the supervision and control of the Board of Directors. The Wholetime Directors shall conduct the day-to-day management of the Company subject to the supervision and control of the Board of Directors, the Managing Director and Mr M L Narula, Director and Chief Operating Officer.

(b) If at any time the Appointees cease to be Directors of the Company for any reason whatsoever, they shall cease to be Managing Director/Wholetime Directors, as the case may be.

(c) If at any time the Appointees cease to be in the employment of the Company for any cause whatsoever they shall cease to be Directors of the Company.

(d) The Appointees are appointed by virtue of their employment in the Company and their appointments are subject to the provisions of Section 283(1)(l) of the Companies Act, 1956, while at the same time, they are liable to retire by rotation.

(e) The Appointees shall not be entitled to supplement their earnings with any buying or selling commission. They shall not become interested or otherwise concerned directly or through their wives and/or minor children in any selling agency of the Company without the approval of the Central Government.

(f) The Agreement may be terminated by either party giving the other party three months' notice in writing of such termination or the Company paying three months' salary in lieu of the notice.