

narmada

Annual Report 2003-2004

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narmada cement
COMPANY LIMITED

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COMPANY LIMITED

A subsidiary of UltraTech Cement Limited

BOARD OF DIRECTORS

V.M. Muralidharan
K.C. Birla
Sanjeev Bafna

AUDITORS

M/s. Haribhakti & Co.

REGISTRARS AND SHARE TRANSFER AGENTS

M/s. IIT Corporate Services Limited
Protoprima Chambers, 2nd Floor
Suren Road, Near Cinemagic
Andheri (East), Mumbai 400 093

WORKS

Jafrabad, Gujarat 365 540
Magdalla, Gujarat 395 007
Ratnagiri, Maharashtra 415 639

REGISTERED OFFICE

Ahura Centre
'A' Wing, 1st Floor
82, Mahakali Caves Road
Andheri East
Mumbai 400 093

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narmada cement COMPANY LIMITED**NOTICE**

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of **NARMADA CEMENT COMPANY LIMITED** (the "Company") will be held at Homi J. H. Taleyarkhan Memorial Hall, 141, Shahid Bhagat Singh Road (Town Hall Compound), Mumbai 400 001 on Friday, the 31st December, 2004 at 2.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 30th September 2004, and Profit and Loss Account for the financial year ended 30th September 2004 and the Report of the Directors' and Auditors' of the Company.
2. To re-appoint M/s. Haribhakti & Co., Chartered Accountants, retiring Auditors as Auditors of the Company and to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 224 and other applicable provisions of the Companies Act, 1956, M/s. Haribhakti & Co., Chartered Accountants, Mumbai, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office as such from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration as may be decided by the Board of Directors in this regard."

SPECIAL BUSINESS:

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

"RESOLVED THAT Shri V. M. Muralidharan, who was appointed as an Additional Director of the Company by the Board under Section 260 of the Companies Act, 1956 (the "Act") to hold office as such up to this Annual General Meeting, and for whom the Company has received a notice in writing along with a deposit of Rs. 500/- pursuant to the provisions of Section 257 of the said Act, from a Member signifying his intention to propose Shri V. M. Muralidharan as a candidate for the office of Director and who is eligible for appointment to the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Shri K. C. Birla, who was appointed as an Additional Director of the Company by the Board under Section 260 of the Companies Act, 1956 (the "Act") to hold office as such up to this Annual General Meeting, and for whom the Company has received a notice in writing along with a deposit of Rs. 500/- pursuant to the provisions of Section 257 of the said Act, from a Member signifying his intention to propose Shri K. C. Birla as a candidate for the office of Director and who is eligible for appointment to the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Shri Sanjeev Bafna, who was appointed as an Additional Director of the Company by the Board under Section 260 of the Companies Act, 1956 (the "Act") to hold office as such up to this Annual General Meeting, and for whom the Company has received a notice in writing along with a deposit of Rs. 500/- pursuant to the provisions of Section 257 of the said Act, from a Member signifying his intention to propose Shri Sanjeev Bafna as a candidate for the office of Director and who is eligible for appointment to the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

6. To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 387 and other applicable provisions, if any, of the Companies Act, 1956 (the "Act"), read with Schedule XIII thereto as amended up to date and all guidelines issued by the Central Government from time to time and subject to such other approvals, as may be necessary, Shri V. M. Muralidharan be and is hereby appointed as the Manager of the Company with effect from 6th September, 2004 on the terms and conditions as are set out below with liberty to the Board from time to time, to alter the said terms and conditions in such manner as may be agreed to between the Board and Shri V. M. Muralidharan in the best interest of the Company, subject however to the limits and restrictions, if any, contained in the Act including Schedule XIII thereof or otherwise as may be permissible in law:

1. **Period:** Two years with effect from 6th September 2004 with liberty to either party to terminate the appointment by giving three months notice in writing to the other.
2. **Remuneration:** Shri V. M. Muralidharan will be on deputation from UltraTech Cement Limited. Since the Company has been declared a "sick industrial company" within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and has been referred to BIFR, no remuneration will be payable to Shri V. M. Muralidharan."

For and on behalf of the Board

K. C. Birla
Director

Place: Mumbai
Dated: 30th November, 2004

Registered Office:

Ahura Centre
'A' Wing, 1st Floor
82, Mahakali Caves Road, Andheri East
Mumbai 400 093

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of items 3 to 6 of the Notice set out above, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 21st December 2004 to Friday, the 31st December 2004 (both days inclusive), for the purpose of holding the Annual General Meeting.
4. Pursuant to Section 205A(5) of the Companies Act, 1956 the unpaid dividend that is due for transfer to the Investor Education and Protection Fund is as under:

<u>For the year ended</u>	<u>Date of Declaration</u>	<u>Due for Transfer on</u>
31.03.1997	29.09.1997	15.11.2004

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**Item 3 to 6:**

Pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court of Bombay for de-merger of Cement Business of Larsen & Toubro Limited, the investments in the Equity Share Capital of the Company stand transferred to UltraTech Cement Limited (formerly UltraTech CemCo

Limited) with effect from 1st April, 2003. Accordingly, the Company has become a subsidiary of UltraTech Cement Limited effective from 1st April, 2003.

In view of change of management control, Shri V. M. Muralidharan, Shri K. C. Birla and Shri Sanjeev Bafna were appointed as Additional Directors by the Board of Directors on 6th September, 2004. Pursuant to Section 260 of the Companies Act, 1956, they hold office up to the ensuing Annual General Meeting of the Company. The Company has received the requisite Notice from the members under Section 257 of the Companies Act, 1956 proposing the candidatures of Shri V. M. Muralidharan, Shri K. C. Birla and Shri Sanjeev Bafna for the office of Directors.

The proposed appointment of Shri V. M. Muralidharan, Shri K. C. Birla and Shri Sanjeev Bafna as Directors of the Company requires the approval of the Shareholders by way of an Ordinary Resolution. The Board of Directors ("Board") therefore, submits the resolutions for your consideration and recommends the resolutions to be passed as an Ordinary Resolution.

Shri V. M. Muralidharan is an Engineer and he has several years of experience in the field and has acquired wide experience in manufacturing management, project management and general management functions. Shri Muralidharan has been associated with Larsen & Toubro Limited for the past 20 years. He is currently the Chief Manufacturing Officer of UltraTech Cement Limited, the Holding Company.

None of the Directors of the Company is concerned or interested in the proposed resolution except Shri V. M. Muralidharan, Shri K. C. Birla and Shri Sanjeev Bafna in relation with their respective resolutions to consider their appointments as Directors.

The details of Directors seeking appointment in the Annual General Meeting fixed for 31st December 2004 is given here below.

Name of Director	Shri V. M. Muralidharan	Shri K. C. Birla	Shri Sanjeev Bafna
Date of Birth	15.08.1945	2.07.1958	31.12.1963
Date of Appointment	6 th September 2004	6 th September 2004	6 th September 2004
Expertise in specific General Functional area	Company Executive	Company Executive	Company Executive
Qualification	B.Sc, DMIT	B.Com., FCA	B.Com (Hons), ACA, CS
List of outside Directorship held	—	—	Samruddhi Swastik Trading and Investment Limited
Chairman / Member of the Committee of the Board of Directors of the Company	Audit Committee Share Transfer Committee / Investors Grievance Committee	Audit Committee Share Transfer Committee / Investors Grievance Committee	Audit Committee Share Transfer Committee / Investors Grievance Committee
Chairman / Member of the Committee of Directors of other Companies in which he is a Director			
a) Audit Committee	—	—	—
b) Shareholders Committee	—	—	—
c) Remuneration Committee	—	—	—
d) Nomination Committee	—	—	—
e) Compensation Committee	—	—	—

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the Annual Report and Audited Accounts for the year ended 30th September 2004.

	2003 - 04	2002 - 03
	12 months	18 months
	(Rs. crore)	(Rs. crore)
Gross Turnover	206.66	188.91
Profit / (Loss) before depreciation and taxes	(19.96)	(59.41)
Depreciation on fixed assets	6.67	10.15
Loss for the year	(26.63)	(69.56)
Provision for Deferred taxes (net)	(31.51)	30.21
Add: Balance brought forward from the previous year	(115.24)	(75.89)
Balance to be carried forward	(173.38)	(115.24)

Your Directors do not recommend any dividend for the financial year under review.

YEAR IN RETROSPECT / PERFORMANCE OF THE COMPANY

Sales and production

Sales and other income for the financial year under review were Rs. 207.90 crore as against Rs. 191.30 crore for the previous 18 month period.

Clinker production at the Company's Jafrabad Works was 13.45 lakh metric tonnes as against 15.61 lakh metric tonnes during the previous 18 month period ended September 2003. Cement and clinker dispatches during the year were at 13.18 lakh metric tonnes as against 16.38 lakh metric tonnes during the 18 month period of the previous year.

Review of operations

The Company continued its ongoing efforts to contain the manufacturing costs through various cost cutting initiatives. Besides this, the better plant maintenance practices enabled the Company to improve its plant run factor considerably.

Market scenario

The cement industry saw an encouraging growth in demand of around 6 -7 per cent during the period. However, there continued to be demand-supply mismatch situation due to excess supply in the market. The prices of cement were volatile and depressed in certain markets for most part of the year.

Demand for cement would be driven by Governments' thrust on investments in housing and infrastructure projects, such as, roads, ports, airports, water management systems, etc.

CAPITAL EXPENDITURE

As at 30th September 2004, the gross fixed assets stood at Rs. 197.28 crore and the net fixed assets at Rs. 81.63 crore. The additions during the year amounted to Rs. 0.89 crore.

REFERENCE TO BIFR

Since the accumulated losses as at end September 2003 eroded the entire net worth of the Company, a reference was made to the Board for Industrial and Financial Reconstruction (BIFR) as per the provisions of Section 15 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985. The same has been acknowledged by BIFR and the case has been registered. BIFR is yet to appoint an Operating Agency to proceed further on the matter.

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

The Company has transferred a sum of Rs. 7,14,262/- being the amount due and payable and remaining unpaid for a period of 7 years in respect of unpaid dividend, as provided in Section 205C of the Companies Act, 1956.

DEPOSITS

The Company has not invited / renewed deposits from the public / shareholders in accordance with section 58A of the Companies Act, 1956. No deposits due to be paid have remained unpaid.

FINAL EXIT OPTION TO THE SHAREHOLDERS OF THE COMPANY

The final exit option offered by UltraTech Cement Limited (formerly, the de-merged Cement Business of Larsen & Toubro Limited) to the shareholders of the Company to acquire 22,02,817 shares at Rs. 34/- each, pursuant to SEBI letter No. FITTC/TO/RC/7198/203 dated 10th April, 2003 closed on 19th October, 2004.

AUDITORS' REPORT

The Auditors' Report to the Shareholders does not contain any qualifications.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- (i) in preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- (ii) they have selected the accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review and for the profit and loss of the Company for that period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the Annual Accounts on a going concern basis.

narmada cement COMPANY LIMITED**INDUSTRIAL RELATIONS**

Industrial relations continued to be cordial during the year.

DIRECTORS

The Board of Directors at the meeting held on 6th September, 2004 accepted the resignations of Shri J. P. Nayak, Shri Y. M. Deosthalee and Shri C. R. V. Subramaniam. The Directors record their appreciation of the valuable services rendered by Shri J. P. Nayak, Shri Y. M. Deosthalee and Shri C. R. V. Subramaniam.

At the same meeting, the Board of Directors appointed Shri V. M. Muralidharan, Shri K. C. Birla and Shri Sanjeev Bafna as Additional Directors who will hold office till the date of the forthcoming Annual General Meeting of the Company. Notices proposing the appointments of Shri V. M. Muralidharan, Shri K. C. Birla and Shri Sanjeev Bafna have been received by your Company. Your approval for their appointment is being sought at the ensuing Annual General Meeting.

COST AUDIT

The Central Government vide its Order No. 52/295/CAB-88 (CLB) had directed that a Cost Audit be carried out every financial year in respect of clinker and cement. The Company will make an application to the Central Government for appointment of Shri V. V. Deodhar, Cost Accountant as Cost Auditors of the Company for the financial year October 2004 to September 2005.

AUDITORS

M/s. Haribhakti & Co., Chartered Accountants, who are the Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and are recommended for re-appointment.

DISCLOSURE OF PARTICULARS

Information as per the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo is given in Annexure 'A' forming part of this report.

PARTICULAR OF EMPLOYEES

There were no employees covered under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) rules, 1975.

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation for the co-operation and assistance received by the Company from concerned Ministries of Government of India, various Departments of Government of Gujarat and Maharashtra, Banks and Financial Institutions. The Directors also wish to thank all the employees of the Company for their active participation and co-operation.

The Directors wish to record their special thanks to the esteemed shareholders for reposing their confidence in the Company.

For and on behalf of the Board,

V. M. Muralidharan
K. C. Birla
Sanjeev Bafna

Directors

Place: Mumbai

Dated: 30th November, 2004