

narmada

Annual Report 2004 - 2005

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narmada cement
COMPANY LIMITED



narmada cement

COMPANY LIMITED

A subsidiary of UltraTech Cement Limited

BOARD OF DIRECTORS

V. M. Muralidharan

K. C. Birla

Sanjeev Bafna

COMPANY SECRETARY

Kamal Rathi

AUDITORS

M/s. Haribhakti & Co.

REGISTRARS AND SHARE TRANSFER AGENTS

MCS Limited
Sri Venkatesh Bhavan
Plot No. 27, Road No. 11
MIDC, Andheri (East)
Mumbai 400 093

WORKS

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

REGISTERED OFFICE

Ahura Centre
'B' Wing, 2nd 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 Seventh Annual General Meeting of **NARMADA CEMENT COMPANY LIMITED** (the "Company") will be held at MMIA Hall, M.I.D.C. Marol Industries Association, Plot No. P-15, Street No. 14, MIDC, Marol Industrial Area, Andheri (East), Mumbai 400 093 on Saturday, the 24th December, 2005 at 11 a. m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 30th September 2005, and Profit and Loss Account for the year 2004-05 and the Report of the Directors' and Auditors' of the Company.
2. To appoint a Director in place of Shri Sanjeev Bafna, who retires by rotation, and being eligible offers himself for reappointment.
3. 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."

By Order of the Board of Directors

For NARMADA CEMENT COMPANY LIMITED

Kamal Rathi
Company Secretary

Place: Mumbai

Dated: 8th November, 2005

Registered Office:

Ahura Centre
'B' Wing, 2nd 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. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday the 15th December 2005 to Saturday the 24th December 2005 (both days inclusive), for the purpose of holding the Annual General Meeting.

DIRECTORS' REPORT**Dear Shareholders,**

Your Directors present the Annual Report and the Audited Accounts for the year ended 30th September 2005.

investment plans in various infrastructure projects as envisaged in the Budget.

CAPITAL EXPENDITURE

As at 30th September 2005, the gross fixed assets stood at Rs. 202.66 crore and the net fixed assets at Rs. 80.78 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 application has been acknowledged by BIFR and a case has been registered. BIFR is yet to appoint an Operating Agency to proceed further in the matter.

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.

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.

INDUSTRIAL RELATIONS

Industrial relations continued to be cordial during the year.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Sanjeev Bafna retires from the Board of Directors by rotation and is eligible for re-appointment.

	2004 - 05	2003 - 04
	(Rs. crore)	(Rs. crore)
Gross Turnover	277.66	205.06
Profit / (Loss) before depreciation and taxes	26.94	(19.96)
Depreciation on fixed assets	6.42	6.67
Profit / (Loss) before tax	20.52	(26.63)
Provision for tax:		
Deferred tax (net)	0.00	(31.51)
Fringe benefit tax	0.06	0.00
Profit / (Loss) after tax	20.46	(58.14)
Add: Balance brought forward from the previous year	(173.39)	(115.25)
Balance to be carried forward	(152.93)	(173.39)

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

PERFORMANCE**Sales, production and profitability**

Sales and other income for the financial year under review were Rs. 243.60 crore as against Rs. 181.69 crore for the previous year which showed an increase of 34%.

Clinker production at the Company's Jafrabad Works was 14.07 lakh metric tonnes as against 13.45 lakh metric tonnes during 2003-04. Cement and clinker dispatches during 2004-05 were higher at 15.23 lakh metric tonnes, which showed an increase of 16% over 13.18 lakh metric tonnes achieved during the previous year.

The Company reported a Profit before tax of Rs. 20.52 crore for the year 2004-05 as against a loss of Rs. 26.63 crore for the previous year.

Review of operations

The Company continued its ongoing efforts to improve the efficiency of its plants through better utilization of available facilities.

Market scenario

The cement industry saw an encouraging growth in demand during the year. Demand continued to be good both in Gujarat and Maharashtra States. The prices showed signs of improvement during the second half of the current year. However, in certain markets, the prices remained low for most part of the current year.

Future demand for cement would depend upon Governments'

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 2005 to September 2006.

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 the 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 : 8th November, 2005

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Annexure 'A' to the Directors' Report

INFORMATION AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30th SEPTEMBER 2005.

A) CONSERVATION OF ENERGY

- a) **Energy conservation measures taken:**
- Improvement in Plant Run factor and Reliability.
 - Process optimization.
- b) **Additional investments and proposals, if any, being implemented for reduction of consumption of energy:**
- Installation of Belt Bucket Elevator in Kiln feed.
- c) **Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:**
- Reduction in specific power consumption.
 - Reduction in heat consumption.
- d) **Total energy consumption and energy consumption per unit of production as per FORM - A.**

FORM - A (RULE 2)

	Current Year	Previous Year
	2004-05	2003-04

A POWER AND FUEL CONSUMPTION**1 Electricity:**

		Current Year	Previous Year
		2004 - 05	2003 - 04
a) Purchased			
Unit '000 kWh	70464	50420	
Total amount Rs. lakhs	3787	2811	
Rate / Unit Rs.	5.37	5.58	
b) Own Generation			
Through Diesel Generator			
Unit '000 kWh	49351	54314	
Units (kWh) per			
Ltr. of fuel oil	4.14	3.68	
Cost / Unit Rs.	3.98	3.61	

2 Coal - For process in Cement Plants

		Current Year	Previous Year
		2004 - 05	2003 - 04
Quantity Tonnes	181725	189199	
Total cost Rs. lakhs	6160	4659	
Average rate Rs./Tonne	3390	2462	

3 Furnace Oil (FO / HFO)

		Current Year	Previous Year
		2004 - 05	2003 - 04
Quantity K. Ltrs	11929	11994	
Total amount Rs. lakhs	1355	918	
Average rate Rs./K. Ltrs	11359	7650	

4 Light Diesel Oil' (LDO)

		Current Year	Previous Year
		2004 - 05	2003 - 04
Quantity K. Ltrs	344	2657	
Total amount Rs. lakhs	86	482	
Average rate Rs./K. Ltrs	24997	18139	

5 High Speed Diesel Oil (HSD)

		Current Year	Previous Year
		2004 - 05	2003 - 04
Quantity K. Ltrs	591	464	
Total amount Rs. lakhs	171	109	
Average rate Rs./K. Ltrs	28926	23465	

	Current Year	Previous Year
	2004-05	2003-04

B CONSUMPTION PER UNIT OF PRODUCTION

Product: Cement

		Current Year	Previous Year
		2004-05	2003-04
Electricity#	kWh	93.63	91.89
Coal	Tonne	0.13	0.14

excludes non production power consumption

FORM - B (RULE 2)

Form for disclosure of particulars with respect to absorption.

A. RESEARCH AND DEVELOPMENT (R&D)**1. Specific areas in which R&D carried out by the Company:**

NA

2. Benefits derived as a result of the above R&D:

NA

3. Future plan of action:

NA

4. Expenditure on R&D:

(Rs. lakhs)

	Current Year	Previous Year
	2004 - 05	2003 - 04
a) Capital expenditure	-	-
b) Recurring expenditure	-	-
c) Total expenditure	-	-
d) Total R&D expenditure as % of turnover	-	-

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATIONS**1. Efforts in brief, made towards technology absorption, adaptation and innovation:**

- Imparting training to personnel in various manufacturing processes.

2. Benefits derived as a result of the above efforts:

- Cost reduction.

3. Information regarding technology imported during the last 5 years:

	No
a) Technology imported	No
b) Year of import	NA
c) Has technology been fully absorbed	NA
d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	NA

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. lakhs)

	Current Year	Previous Year
	2004 - 05	2003 - 04
Foreign exchange earned	320	Nil
Foreign exchange used	238	248