

**BIRLA CORPORATION CEMENT  
MANUFACTURING PLC**

**ANNUAL REPORT AND ACCOUNTS  
2013 – 14**

# **BIRLA CORPORATION CEMENT MANUFACTURING PLC**

**Head Office: Garad Mall, 2nd Floor, Kirkos Sub-city: Kebele 05,  
House No. 432, Addis Ababa, Ethiopia  
Capital: 1,700,000 Birr**

## **REPORT OF GENERAL MANAGER**

**To the Shareholders,**

We have pleasure in presenting their Report for the financial year ended 31st March, 2014.

## **GENERAL REVIEW**

The Company has got licences for exploration of limestone and coal to set up a cement plant. Having regard to the prevailing market scenario, the project activities have been kept on hold. Final decision on setting up the plant will be taken based on the techno-commercial feasibility of the project.

## **DIVIDEND**

The Company does not recommend any Dividend during the year.

## **AUDITORS**

Messrs. Tay & Co., Chartered Accountants, retire as Auditors of the Company and being eligible, offer themselves for re-appointment.

## **ACKNOWLEDGEMENT**

We wish to place on record their appreciation for co-operation received from various Government agencies.

Place: Kolkata

Dated: 24th April, 2014

  
**A. SARAOGI**  
**GENERAL MANAGER**

To  
The Board of Directors  
Birla Corporation Limited  
Birla Building, 3<sup>rd</sup> Floor  
9/1, R. N. Mukherjee Road  
Kolkata - 700 001

Sub: Conversion of account of Birla Corporation Cement Manufacturing PLC - Ethiopia as per Indian GAAP

1. In accordance with our engagement letter of 21<sup>st</sup> April ,2014 we have verified the accompanying financial statements of Birla Corporation Cement Manufacturing PLC , expressed in INR, which comprises of Balance Sheet as on 31<sup>st</sup> March 2014 and the statement of profit & Loss account (prepared under the generally accepted accounting principles as applicable under the laws of Ethiopia and audited by other auditors) duly converted into Indian GAAP as per the requirements of The Companies Act 1956 and in compliance with The Companies (Accounting Standard) Rules 2006 and we have signed under reference to this certificate.
2. The conversion has been done by the management of Birla Corporation Limited ("the Company") ,being the holding company of Birla Corporation Cement Manufacturing PLC ("the subsidiary") , in accordance with generally accepted accounting practice in India and other recognized accounting practices and policies followed by the Company to enable their incorporation in the consolidated financial statements of the Company pursuant to Accounting Standards 21 - Consolidation Financial Statements - as notified under The Companies (Accounting Standards) Rules 2006.
3. The conversion of these financial statements into the relevant formats is the responsibility of the management of the Company. Our responsibility is to certify whether these financial statements and relevant formats prepared for the purpose outlined above are in accordance with the generally accepted auditing standards in India.
4. The management of the company has considered the operation of its subsidiary as "Non Integral Foreign Operation" and accounting treatment for the conversion of subsidiary's financial statements has been done as set out in the Accounting standard -11 "The effects of changes in the Foreign Exchange Rates" as notified by the Central Government of India in The Companies (Accounting Standards) Rules 2006.



5. Based on our verification and on the basis of information and explanations given to us, the accompanying converted financial statements and relevant formats of the subsidiary read with notes thereon and attached thereto have been converted as per the requirements of Accounting standard -11 and are in conformity with generally accepted accounting principles and other recognized accounting practices and policies in India.
6. This certificate is intended solely for the information and use of the Company and its statutory auditors in connection with their audit of consolidated financial statements of Company. We do not accept or assume any liability or duty of care for any other purposes or to any third parties to whom this certificate is shown, or into whose hands it may come, save where expressly agreed by our prior consent in writing.

For H. P. Khandelwal & Co.  
Chartered Accountants  
Firm Registration No. 302050E



(Rajiv Singhi)  
Partner

Membership No. 053518



Place: Kolkata

Date: The 24<sup>th</sup> day of April, 2014

**BIRLA CORPORATION CEMENT MANUFACTURING PLC.**  
**BALANCE SHEET as at 31st March 2014**

(Amount in ₹)

	Note	As at March 31, 2014	As at March 31, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUND</b>			
Share Capital	2.1	5,280,330	5,017,210
Reserves and Surplus	2.2	(2,240,267)	(1,153,300)
		<b>3,040,063</b>	<b>3,863,910</b>
<b>CURRENT LIABILITIES</b>			
Trade Payables	2.3	28,576	23,758
Other Current Liabilities	2.4	765,687	892,999
		<b>794,263</b>	<b>916,757</b>
<b>TOTAL</b>		<b>3,834,326</b>	<b>4,780,667</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets			
Tangible Assets	2.5	77,259	82,008
Intangible Assets under Development		2,478,047	1,292,097
		<b>2,555,306</b>	<b>1,374,105</b>
<b>CURRENT ASSETS</b>			
Cash and Bank Balances	2.6	1,173,060	2,295,604
Short-Term Loans and Advances	2.7	29,910	1,091,519
Other Current Assets	2.8	76,050	19,439
		<b>1,279,020</b>	<b>3,406,562</b>
<b>TOTAL</b>		<b>3,834,326</b>	<b>4,780,667</b>
Significant Accounting Policies	1		

The accompanying Notes form an integral part of the Financial Statements

The 24<sup>th</sup> day of April, 2014



*Aditya Saraogi*  
**ADITYA SARAOGI**  
General Manager

**BIRLA CORPORATION CEMENT MANUFACTURING PLC.**  
**STATEMENT OF PROFIT & LOSS for the period ended 31st March 2014**

(Amount in ₹)

	Note	For the period ended 31st March,2014	For the period ended 31st March,2013
<b>INCOME</b>			
Other Income	2.9	4,348	98,388
<b>Total</b>		<b>4,348</b>	<b>98,388</b>
<b>EXPENSES</b>			
Employee Benefits Expense	2.10	312,847	274,003
Other Expenses	2.11	683,590	676,616
<b>Total</b>		<b>996,437</b>	<b>950,619</b>
Profit before Tax, Depreciation & Amortisation		(992,089)	(852,231)
Depreciation & Amortisation Expenses	2.12	8,824	8,491
<b>Profit/(Loss) for the year</b>		<b>(1,000,913)</b>	<b>(860,722)</b>
Earnings Per Share			
Weighted Average Number of Equity Shares outstanding during the year [nominal value Birr 1000 /-]		1,700	1,700
Basic and Diluted earnings per share (in ₹)		(588.77)	(506.31)
Significant Accounting Policies	1		

The accompanying Notes form an integral part of the Financial Statements



*Aditya Sarangi*  
**ADITYA SARAOGI**  
 General Manager

The 24<sup>th</sup> day of April, 2014

**BIRLA CORPORATION CEMENT MANUFACTURING PLC.**  
**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March, 2014**

**Establishment**

Birla Corporation Cement Manufacturing PLC is a subsidiary of Birla Corporation Limited and it is established in Euthopia on August 2, 2011 under trade registration certificate number 01/4013/2003 and investment permit number EIA-EF/20906/2003 of Ethiopian Investment Agency.

**1 Significant Accounting Policies**

**1.1 Basis of Accounting**

- a) The financial statements are prepared under the historical cost convention, except stated otherwise, on an accrual basis and in accordance with the generally accepted accounting principles in India, the applicable mandatory Accounting Standards as notified by the Companies (Accounting Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 and Companies Act, 2013 (as applicable).
- b) The financial statements had been prepared and presented as per the requirement of revised Schedule VI as notified under Companies Act 1956.

**1.2 Use of Estimates**

The preparation of financial statements require judgments, estimates and assumptions to be made that affect the reported amount of assets and liabilities including contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimated are recognised in the period in which the results are known/materialised.

**1.3 Tangible Assets**

Fixed Assets, other than those which have been revalued, are stated at their original cost which includes expenditure incurred in the acquisition and construction/installation and other related expenses. In respect of qualifying assets as defined by Accounting Standard 16, related pre-operational expenses including borrowing cost are also capitalised and included in the cost. Claims in respect of capital assets are adjusted as and when settled.

**1.4 Employee Benefits**

Employee benefits of short term nature are recognised as expenses as and when it accrues.

**1.5 Foreign Currency Transactions**

- a) Foreign currency transactions are initially recorded at the rates of exchange prevailing on the date of transaction. Foreign currency monetary items are subsequently reported using the closing rate. Exchange differences arising on the settlement of monetary items or reporting company's monetary items at rates different from those at which they were initially recorded during the period are recognised as income or expenses in the year in which they arise.
- b) In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at average exchange rates prevailing during the year; and all resulting exchange differences are accumulated in foreign currency translation reserve until the disposal of the net investment.
- c) On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
- d) When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of change in the classification.



**1.6 Recognition of Revenue and Expenses**

All revenue and expenses are accounted for on accrual basis except as otherwise stated.

**1.7 Taxation**

Taxation on income are realised in the same period as the revenues and expenses to which they relate. Deferred taxes are recognized for all timing differences between the financial statement and the tax accounts. Deferred tax asset are recognized on the unused tax losses carried forward, to the extent that the profitability of their recovery in foreseeable future is sufficiently high. Deferred taxes are measured using the tax rates that are expected to apply in the period of tax settlement or realization.

**1.8 Borrowing Costs**

General and specific borrowing costs directly attributable to the acquisition, construction or installation of qualifying capital assets till the date of commencement of commercial use of the assets are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**1.9 Provisions**

Provisions are recognised where reliable estimate can be made for probable outflow of resources to settle the present obligation as a result of past event and the same is reviewed at each Balance Sheet date.

**1.10 Contingent Liabilities**

Contingent Liabilities are not provided for and are disclosed separately.

**1.11 Operating Lease**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss account on a straight line basis over the lease term.





**BIRLA CORPORATION CEMENT MANUFACTURING PLC.**

(Amount in ₹)

	As at 31st March, 2014	As at 31st March, 2013
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**2. Notes to Financial Statements for the year ended 31st March, 2014**

**2.1 : SHARE CAPITAL**

<b>Issued, Subscribed and Paid-up</b>			
1,700	Equity Shares of Birr 1000/- each fully paid-up	5,280,330	5,017,210
		<u>5,280,330</u>	<u>5,017,210</u>

	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
a) Reconciliation of Number of shares outstanding: Equity Shares :				
At the beginning of the year	1700	5,280,330	1,700	5,017,210
Issued during the year - Shares allotted	-	-		
At the end of the year	<u>1700</u>	<u>5,280,330</u>	<u>1,700</u>	<u>5,017,210</u>

b) The company has only one class of issued shares i.e. equity shares having par value of Birr 1000/- per share. Each holder of equity shares is entitled to one vote per share and equal right for dividend. No preference and/or restrictions on distribution of dividend and repayment of capital is attached to the above shares.

c) Details of shares held by the Holding Company and its fellow subsidiary company are as below :

**Birla Corporation Limited - Holding company**  
1699 Equity Shares of Birr 1000 /- each fully paid

**M P Birla Group Services Private limited - fellow subsidiary**  
1 Equity Share of Birr 1000 /- each fully paid

d) The above shareholding constitutes more than 5% of the equity capital of the company. There are no other shareholders having more than 5% shares in the company.

e) No shares have been reserved for issue under options and contracts/ commitments for the sale of shares/disinvestment as at the balance sheet date.

f) No convertible securities has been issued by the company during the period.

g) No calls are unpaid by any Director and Officer of the Company during the period.

**2.2 : RESERVES & SURPLUS**

**Foreign Currency Translation Reserve**

As per last Financial Statements	(13,067)	(6,850)
Add: Movement during the year	(86,054)	(6,217)
	<u>(99,121)</u>	<u>(13,067)</u>

**Surplus/ (Deficit)**

As per last Financial Statements	(1,140,233)	(279,511)
Add: Profit/(Loss) for the year	(1,000,913)	(860,722)
	<u>(2,141,146)</u>	<u>(1,140,233)</u>
	<u>(2,240,267)</u>	<u>(1,153,300)</u>

**2.3 : TRADE PAYABLES**

For Services	28,576	23,758
	<u>28,576</u>	<u>23,758</u>

**2.4 : OTHER CURRENT LIABILITIES**

Statutory Dues	5,363	4,779
Amount payable for Capital Goods/Services	-	323,024
Employee Related Liability	383,470	225,799
Others*	376,854	339,397
	<u>765,687</u>	<u>892,999</u>

\* Includes amount due to related party



**BIRLA CORPORATION CEMENT MANUFACTURING PLC.**

(Amount in ₹)

	As at 31st March, 2014	As at 31st March, 2013
<b>2.6 : CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
Balances with Banks	1,169,778	2,294,211
Cash on hand	3,282	1,393
	<u>1,173,060</u>	<u>2,295,604</u>
<b>2.7 : SHORT-TERM LOANS AND ADVANCES</b>		
<b>Other Loans and Advances ( Unsecured, considered good)</b>		
Advance against supply of Goods and Services	-	1,062,468
Prepaid Advances	29,910	29,051
	<u>29,910</u>	<u>1,091,519</u>
<b>2.8 : OTHER CURRENT ASSETS</b>		
<b>Others</b>		
Advance against expenses	76,050	19,439
	<u>76,050</u>	<u>19,439</u>
	<u>For the Period ended 31st March, 2014</u>	<u>For the Period ended 31st March, 2013</u>
<b>2.9 : OTHER INCOME</b>		
<b>Other Non Operating Income</b>		
Net Gain/ (Loss) on Foreign currency transaction and translation	4,348	97,363
Excess Liability written back	-	1,025
	<u>4,348</u>	<u>98,388</u>
<b>2.10 : EMPLOYEE BENEFITS EXPENSE</b>		
Salaries	302,285	266,920
Contribution to Pension Fund	10,562	7,083
	<u>312,847</u>	<u>274,003</u>
<b>2.11 : OTHER EXPENSES</b>		
<b>Selling and Administration Expenses</b>		
Rent	366,002	336,888
Rates & Taxes	-	12,442
Advertisement	-	-
Auditors' Remuneration		
Statutory Auditors -		
Audit Fees	27,864	23,656
Other Expenses		
Legal Charges	210,192	118,264
General Charges	79,531	185,366
	<u>683,590</u>	<u>676,616</u>
<b>2.12 : DEPRECIATION AND AMORTISATION EXPENSES</b>		
On Tangible Assets	8,824	8,491
	<u>8,824</u>	<u>8,491</u>



**BIRLA CORPORATION CEMENT MANUFACTURING PLC.**

**2.5 : TANGIBLE ASSETS**

(Amount in ₹)

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost/Value as at 31st March, 2013	Addition During the Year	Deductions/ Adjustments during the year 2014	Cost/Value as at 31st March, 2014	Upto 31st March, 2013	Provided during the year	Deductions/ Adjustments during the year 2014	Upto 31st March, 2014	As at 31st March 2013	As at 2014
<b>Furniture &amp; Fixtures</b>	56,930	-	-	56930	3,352	793	-	4,145	53,578	52,785
<b>Office Equipment</b>	33,605	-	-	33605	5,175	3,956	-	9,131	28,430	24,474
<b>Total :</b>	<b>90,535</b>	<b>-</b>	<b>-</b>	<b>90,535</b>	<b>8,527</b>	<b>4,749 *</b>	<b>-</b>	<b>13,276</b>	<b>77,259</b>	<b>82,008</b>
Previous Year :	-	-	-	-	-	-	-	-	-	-

\* Depreciation includes ₹(4075)- (Previous Year ₹36/-) on account of foreign exchange difference adjusted in Foreign Currency Translation Reserve.



**BIRLA CORPORATION CEMENT MANUFACTURING PLC.**

(Amount in ₹)

2.13 In accordance with the Accounting Standards 15, i.e Employee Benefits, the requisite disclosures are as under:-

(a) The amount recognised as an expenses for Defined Contribution Plan are as under:

	<u>2013-2014</u>	<u>2012-2013</u>
Pension Fund	10,562	7,083

**2.14 Related Party Transaction**

(a) As defined in AS-18 the company has a related party relationship in the nature of control with it's holding company namely Birla Corporation Ltd.

(b) During the year, the Company entered into the following related party transactions with Birla Corporation Limited the holding company.

a) Key Management Personnel - Shri Aditya Saraogi

<u>Particulars</u>	<u>Holding Company</u>		<u>Fellow Subsidiary</u>		<u>Key Managerial Person</u>	
	<u>2013-14</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2012-13</u>
Advance received	-	18,782	-	-	-	-
Remuneration	-	-	-	-	181,722	176,316
<b><u>Balance Outstanding at year end:</u></b>						
Advance received	376,819	339,365	35	32	-	-
Remuneration	-	-	-	-	383,470	225,799

**Signatures to Note 1 to 2.14**



  
**ADITYA SARAOGI**  
 General Manager

The <sup>24<sup>th</sup></sup> day of April, 2014