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A STUDY ON PROCESS COSTING IN THE INDIA CEMENTS LIMITED.

EXECUTIVE SYNOPSIS

INTRODUCTION TO THE TOPIC :

Process costing is a method of costing used to ascertain the cost of a product at each stage or process of production. There are certain commodities which have to undergo several distinct processes of manufacture before completion. In such case it is desirable to find out the cost of product at the end of each such stage or process. This purpose is served by process costing. This method is usually employed in chemical works, soap making, oil refining, textiles, paper mills, biscuit works, food products, canning, dairy etc.,

INDUSTRIAL PROFILE :

The cement industry is experiencing a boom on account of the overall growth of the Indian economy primarily because of increased industrial activity, flourishing real estate business, growing construction activity and expanding investment in the infrastructure sector. Cement is an essential component of infrastructure development & most important input of construction industry, particularly in the government's infrastructure & housing programs, which are necessary for the country's socio-economic growth and development. It is also the second most consumed material on the planet (WBCSD 2002). The Indian cement industry is the second largest producer of cement in the world just behind china, but ahead of the United States and Japan. It is consented to be a core sector accounting for approximately 1.3 percent of GDP and employing over 0.14 million people. Also the industry is a significant contributor to the revenue collected by both the central & state governments through excise & sales taxes.

COMPANY PROFILE :

India Cements Limited is a cement manufacturing company in India. The company is headed by former International Cricket Council chairman N.Srinivasan. It was established in 1946 by S.N.N.Sankaralinga Iyer & the first plant was setup at Thalaiyuthu in Tamilnadu in 1949. It has 7 integrated cement plants in Tamilnadu, Telangana & Andhra Pradesh, one in Rajasthan & two grinding units, one each in Tamilnadu & Maharashtra with a

capacity of 15.5 million tones per annum. Sankar, Raasi Gold, Coromandel are the brands owned by India Cements. The revenue of the company is nearly \$ 490 million as per 2011 financial report. And Net income of the company is about \$ 100 million. India Cements owned the Indian Premier League Franchise Chennai Super Kings from 2008 to 2014.

NEED FOR THE STUDY :

Process costing is applicable to several mining , manufacturing, public utility industries example mines & quarries producing minerals & ores, industries producing textiles, chemicals, soaps, paper, plastic, alcohol, refined oil, electricity, gas & so on. It becomes necessary to apply process costing to the industries belonging to any of the following category :

- ***One product , Many process***
- ***Many products, Many cycles***
- ***Many products, same process***

Some products are produced through a number of processes, hence it becomes necessary to find out cost of each such process separately to control wastage . whereas some need same equipment to produce different products and in some cases many products are produced through same procedure viz, oil refinery can obtain many joint products such as refined oil, gas, steam etc.,

OBJECTIVES OF THE STUDY :

1. To find out the cost of product at each stage or process of production.
2. To ascertain cost per finished output by dividing total cost incurred by the units produced.
3. To ascertain the cost of main product and of any by- product.
4. Control and treatment of wastage.

FINDINGS :

1. Increased capacity of kiln to 3000 ton per day (1700 ton per day) from April 2009.
2. The company has been placed privately in March 2010, with an equity shares of 24594000 at a price of '120.20 per share.

SUGGESTIONS :

As per the findings and research, it is suggested to take more preventive measures to avoid fire accidents during manufacturing and packing process.

CONCLUSION :

The researcher has observed the following points:

1. Process costing is used in situations where homogenous products or services are produced on a continuous basis.
2. To compute unit costs in a department, the department's output in terms of equivalent units must be determined.
3. India Cements Limited was established by S.N.N.Sankaralinga Iyer in 1946 & the first plant was setup at Thalaiyuthu in Tamilnadu in 1949.
4. It has 7 integrated cement plants in Tamilnadu, Telangana & Andhra Pradesh. One in Rajasthan & two grinding units, one each in Tamilnadu & Maharashtra with a capacity of 15.5 million tones per annum.
5. This company is operational since 1949.
6. Raw materials used include coal, gypsum, limestone, laterite, iron ore etc.,
7. It has a better control on the quality of cement.

Introduction

Process costing:

Process costing is a method of costing used to ascertain the cost of a product at each stage or process of production. There are certain commodities which have to undergo several distinct process of manufacture before completion. In such cases it is desirable to find out the cost of product at the end of each such stage or process. This purpose is served by process costing. Process costing is usually employed in chemical works, soap making, oil refining, textiles, paper mills, biscuit works, food products, canning, dairy etc.,

Features of process costing:

The following are the important features of process costing.

1. Under this method, a separate account is maintained for each process and each process is treated as a separate department.
2. Goods are manufactured in a continuous flow. Therefore, products lose their individual identity.
3. Products are transferred from one process to another till the goods are manufactured completely.
4. Cost of materials, wages and overheads are collected for each process and debited to the process account.
5. If by-products exist, their value should be credited to the process account in which they arise, so that the cost of that particular process is reduced.
6. The cost of a particular process is calculated by dividing the total cost incurred during a period by the number of units produced.

Differences between job costing and process costing:

Job costing:

Job costing is a method of costing used to find out the cost of non-standard jobs which are made accordingly to the customer's specifications. The main purpose of this method is to determine the profit or loss on each job undertaken.

Process costing:

process costing is a method of costing used to find out the cost of products at each stage or process of production.

Differences:

<i>Job costing</i>	<i>Process costing</i>
<p>1. In job costing, production is always against customer's specific orders and not for stock.</p> <p>2. In job costing, different jobs may be independent of each other.</p> <p>3. Here each job is allotted a number and cost are collected against the same job number.</p> <p>4. Here each job is separately costed.</p> <p>5. Here cost is ascertained when the job is completed.</p> <p>6. There is no transfer from one job to another.</p> <p>7. proper control is comparatively difficult in job costing as each product unit is different and the production is not continuous.</p>	<p>1. In process costing, goods are made for stock and production is continuous.</p> <p>2. In process costing, goods are manufactured in a continuous flow. Therefore, they lose their identity.</p> <p>3. Here the cost per finished output of each process is calculated by dividing the total cost incurred by the units produced .</p> <p>4. It provides for showing the cost of the main product and of any by-products.</p> <p>5. Here process costs are computed at the end of the cost period.</p> <p>6. Here the products are transferred from one process to another till the goods are manufactured completely.</p> <p>7. Here proper control is comparatively easier.</p>

Treatment of wastage



Meaning of wastage :

Waste is loss of materials during the process of manufacture. It may be defined as “that portion of basic raw material lost in processing, having no recovery value.” Anything which has no value is considered to be waste. In other words, waste has no value. The examples of waste are : gases , dust, smoke and unsalable residues. In process industries it is inevitable that each process causes some wastage.

Control of wastage :

In order to control waste, the following measures are taken in manufacturing concerns.

1. Waste report is prepared at regular intervals.
2. The actual percentage of waste is compared with standard percentage.
3. Holding of meetings with foremen and personnel regularly.

Treatment of wastage :

Wastage may be normal or abnormal. Wastage may occur at the beginning of a process or during a process or at the end of a process. Treatment of wastage is based on the distinction between normal and abnormal waste.

Normal waste:

It is the amount of loss which is un-avoidable in a manufacturing process. It arises due to breakage , evaporation, deterioration etc., The cost of normal wastage is distributed over good output. It is treated as a cost of production. “where the wastage has some reasonable value, the process account is credited with the reasonable value.”

Abnormal waste:

It is that part of loss which is unusual to the process and may arise due to some unforeseen factors. Abnormal waste arises due to inefficiency, mischief, bad luck etc., Any wastage of materials in excess of the normal value of wastage is known as abnormal wastage. The cost of abnormal waste is transferred from the process account to abnormal loss account. It cannot be treated as a financial loss. It can be controlled, and avoided by proper planning and efficient management.

By-products:

Where one or more minor products are obtained in the process of manufacturing the main product they are generally known as “By-products”. By-products are comparatively of much lower value than the main product. They differ from joint products in respect of production, aim and relative value and importance. By-products are defined as “productive of any saleable or usable value incidentally produced in addition to the main products.” In many process industries by-products are produced at different stages of production. In the oil refineries, for instance, processing of crude petroleum yields not only refined oil but also other minor products such as sulphur, bitumen, chemical fertilizers etc.,. Refined oil is the main product while minor products are by-products. In sugar industry, sugar is the main product where as molasses and bagasse are by-products. Some by-products are yielded in a saleable condition and other require further processing before they can be sold.

Treatment of By-products:

The treatment of by-products in cost accounts depends upon the special conditions of each industry, the value of the by-products and the conditions in which they are yielded. The following are the different methods of treatments of by-products.

1) By-products of small value:

Where by-products are of small value, the amount realized from the sale of them should be utilized in reducing the cost of the main product and credit to the account of the process from which they have been derived. For this purpose any expenses incurred in connection with the sale of by-products may be deducted from the sale proceeds, while crediting the process accounts.

2) By-products of considerable value:

In such cases the total expenditure upto the point of separation of the by-product from the main product must be apportioned between the main product and by-products. The main product is credited with the value upon the by-product and the by-product account is debited.

3) By-products which require further processing:

In certain cases by-products are not yielded in a saleable conditions and the manufacturer has to incur further expenditure on them before they can be sold. In each case, the total expenditure upto the point of separation of the by-product from the main product must be apportioned between the main product and by-product. The by-products accounts is debited and the main product account is credited with the value of by-products. The by-products account will be further debited with the expenditure incurred in its processing.

Joint products:

In certain industries two or more products of equal economic importance are simultaneously produced such products are regarded as “Joint-products”. The joint products represent two or more products, separated in the course of same processing each product being in such course of proportion that no single product can be designated as a major product. Joint products imply the following:

- 1) They are produced from the same basic materials.
- 2) They are comparatively of equal importance.
- 3) They are produced simultaneously by a common process.
- 4) They may require further processing after the point of separation.

Different grades of coal extracted in a colliery, the meat and hides produced in a tannary and fuel oil, lubricants, coal, tar, kerosene produced from petroleum are good examples of joint products. The difference between a joint product and by-product is the relative significance of the product in comparing with the main product.

Accounting of joint products:

The basic problem in respect of joint products is that of apportioning the joint costs amongst the joint products on an equitable base. The following are some of the methods used to apportioning joint costs:

1) Physical unit method:

Under this method, the joint cost is apportioned on the basis of physical units of the respective joint products. The physical unit may be percentage of raw materials, unit or weight of products volume of output etc.,

2) **Market value method:**

Under this method, market value of the joint products at the separation point is ascertained and the joint cost is apportioned in the ratio of sales value or selling prices. The method is simple and therefore is commonly used for the apportionment of expenses. However, it is not satisfactory as it does not take into consideration the manufacturing and marketing costs incurred beyond the point of separation.

3) **Survey method:**

Under this method, all the important factors such as volume, selling price, technical side, marketing process etc., affecting costs are ascertained by means of extensive survey. Point values or percentages are given to individual products according to their relative importance and costs are apportioned on the basis of total cost. These ratios should be revised from time to time depending upon the factors affecting production and sales. This method is useful where joint products require further processing after separation whatever method is adopted, it should be reasonable, logical and reliable under the existing circumstances.



WORKSHEET

Pro-forma process accounts (normal basis) :

Process Account

Dr

Cr

<i>Particulars</i>	<i>Units</i>	<i>Rate</i>	<i>Rs</i>	<i>Particulars</i>	<i>Units</i>	<i>Rate</i>	<i>Rs</i>
To transfer from earlier process				By sale of residue			
To material				By transfer to next process or finished goods			
To wages							
To expenses							
To overheads							

Process A Accounts (Normal loss)

Dr

Cr

<i>Particulars</i>	<i>Units</i>	<i>Rate</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Units</i>	<i>Rate</i>	<i>Rs.</i>
To material b/f				By Normal loss A/c			
To direct material				By transfer to next process			
To direct wages							
To direct expenses							
To overheads							

Process B Accounts (Abnormal Loss)

Dr

Cr

<i>Particulars</i>	<i>Units</i>	<i>Rate</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Units</i>	<i>Rate</i>	<i>Rs.</i>
To material				By Normal			
To direct material				loss A/c			
To direct wages				By transfer to next process			
To direct expenses							
To overheads							

Process C Accounts (Abnormal Gain)

Dr

Cr

<i>Particulars</i>	<i>Units</i>	<i>Rate</i>	<i>Rs</i>	<i>Particulars</i>	<i>Units</i>	<i>Rate</i>	<i>Rs</i>
To transfer from earlier process				By Normal loss A/c			
To direct material				By transfer to next process			
To direct wages							
To direct expenses							
To overheads							

Normal loss Accounts

Dr

Cr

<i>particulars</i>	<i>Units</i>	<i>Rate</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Units</i>	<i>Rate</i>	<i>Rs.</i>
To process A/c A				By Actual sale A			
To process A/c B				By Actual sale B			
To process A/c C				By Actual sale C			
				By Abnormal gain A/c			

Abnormal Gain Account

Dr

Cr

<i>Particulars</i>	<i>Units</i>	<i>Rate</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Units</i>	<i>Rate</i>	<i>Rs.</i>
To Normal loss A/c				By process account C			
To costing profit & loss A/c							

Abnormal Loss Account

Dr

Cr

<i>Particulars</i>	<i>Units</i>	<i>Rate</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Units</i>	<i>Rate</i>	<i>Rs.</i>
To process B (cost)				By actual sale B			
				By costing profit & loss A/c			

Sample Problem:

A product passes through three process i.e., A,B,C. In the month of October 2017, 10,000 units are introduced in process A at Rs.1/- per unit. Other expenses are as follows.

<i>Particulars</i>	<i>Process A</i>	<i>Process B</i>	<i>Process C</i>
Other materials	1000	1500	500
Wages	5000	8000	6500
Direct expenses	1050	1188	2009
Actual output	9500	9100	8100
Normal loss in each process	3 %	5 %	8 %
Per unit normal loss value	0.25	0.50	1

No opening & closing stock

Solution:

Calculation of Abnormal loss in process A :

Total Dr.	10,000 units	Rs. 17,050
	300 units	75
	<hr/> 9700 units	<hr/> Rs. 16,975

For 9700 units production cost is 16,975. Then the value for 200 units is :

$$\text{Rs. } 16,975 \times \frac{200 \text{ units}}{9700 \text{ units}} \rightarrow \text{Rs. } 350/-$$

Process A Account

Dr

Cr

<i>Particulars</i>	<i>Units</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Units</i>	<i>Rs.</i>
To Materials (10000Units×Rs.1)	10000	10000	By normal loss (10000×3÷100)	300	75
To other materials	-	1000	(300×0.25)		
To wages	-	5000	By Abnormal loss (balance)	200	350
To direct expenses	-	1050	By output transfer to process B	9500	16,625
	10000	17,050		10000	17,050

Calculation of Abnormal gain in process B :

Total Dr.	9500 Units	Rs.27,313
(Less) Total Cr.	475 Units	Rs. 238
	<hr/> 9025 Units	<hr/> Rs.27,075

For production of 9025 units, cost of production is Rs.27,075 Then for 75 Units is :

$$\text{Rs. } 27,075 \div 9025 \text{ Units} \times 75 \text{ Units} = \text{Rs.}225/-$$

Process B Account

Dr

Cr

<i>Particulars</i>	<i>Units</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Units</i>	<i>Rs.</i>
To transfer from process A	9500	16,625	By normal loss (9500×5÷100)	475	238
To other material	-	1500	(475×0.50)		
To wages	-	8000	By output	9100	27,300
To direct expenses	-	1188	processing transfer to process C		
To abnormal gain	75	225			
	9575	27,538		9575	27,538

Calculation of Abnormal loss in Process C :

Total Dr.	9100 Units	Rs. 36,309
(Less) Total Cr	728 Units	Rs. 728
	8372 Units	Rs. 35,581

For 8372 Units production cost is Rs.35,581/- .Then for 272 Units the value is :

$$\text{Rs. } 35,581 \div 8372 \text{ Units} \times 272 \text{ Units} = \text{Rs. } 1156/-$$

Process C Account

Dr

Cr

<i>Particulars</i>	<i>Units</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Units</i>	<i>Rs.</i>
To transfer from process B	9100	27,300	By normal loss (9100×8÷100)	728	728
To other material	-	500	(728×1)		
To wages			By abnormal loss (balance)	272	1156
To direct expenses	-	6500	By output transfer to finished goods	8100	34,425
	-	2009			
	9100	36,309		9100	36,309

case study
The India Cement Limited

INDUSTRIAL PROFILE :

The cement industry is experiencing a boom on account of the overall growth of the Indian economy primarily because of increased industrial activity, flourishing real estate business, growing construction activity and expanding investment in the infrastructure sector. Cement is an essential component of infrastructure development & most important input of construction industry, particularly in the government's infrastructure & housing programs, which are necessary for the country's socio-economic growth and development. It is also the second most consumed material on the planet (WBCSD 2002). The Indian cement industry is the second largest producer of cement in the world just behind china, but ahead of the United States and Japan. It is consented to be a core sector accounting for approximately 1.3 percent of GDP and employing over 0.14 million people. Also the industry is a significant contributor to the revenue collected by both the central & state governments through excise & sales taxes

NEED FOR THE STUDY :

Process costing is applicable to several mining , manufacturing, public utility industries example mines & quarries producing minerals & ores, industries producing textiles, chemicals, soaps, paper, plastic, alcohol, refined oil, electricity, gas & so on. It becomes necessary to apply process costing to the industries belonging to any of the following category :

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Some products are produced through a number of processes, hence it becomes necessary to find out cost of each such process separately to control wastage . whereas some need same equipment to produce different products and in some cases many products are produced through same procedure viz, oil refinery can obtain many joint products such as refined oil, gas, steam etc.,

OBJECTIVES OF THE STUDY :

5. To find out the cost of product at each stage or process of production.
6. To ascertain cost per finished output by dividing total cost incurred by the units produced.
7. To ascertain the cost of main product and of any by-product.
8. Control and treatment of wastage

Profile of The India Cements Limited :

In this chapter , an attempt is made to present an overview of The India Cements Limited, Tirunelveli. It deals with origin history of The India cements limited, company high lights,Organizational structure etc.,

Origin :

The India Cements Limited is a registered public company established on 21st February 1946 at Sankar Nagar in Tirunelveli district. The company got in delicate shape by the entrepreneurs S.N.N.Sankaralinka Iyer and T.S.Narayanaswamy. The India Cements Limited was registered in the year 1946 for manufacturing cement. The registered office of the company in Chennai. The main plant is situated at 'Sankar Nagar' at Tirunelveli district. Apart from this, the company has another cement factory at 'sankari' at salem.

History of The India Cements Limited :

2009 : The company has completed and commenced commercial production of one million tone grinding plant at parli (Maharashtra). The company's subsidiary, namely, Trishul Concrete Products Limited has completed and commenced commercial production of one lakh Cum ready mix concrete plant at Hyderabad (Andhra Pradesh). The second line of 1.2 million tons at Malkapur was commenced operations from March 2009. The upgraded capacity of kiln one to 3000 TPD (1700 TPD) at Vishnupuram started functioning from April 2009.

High lights of the company:

The company is the largest producer of cement in south India. The company's plants are spread with three in Tamilnadu and four in Andhra Pradesh which cater to all major markets in south India and Maharashtra. The company is the market leader with a market share of 28 percent in the south. It aims to achieve a 35 percent market share in

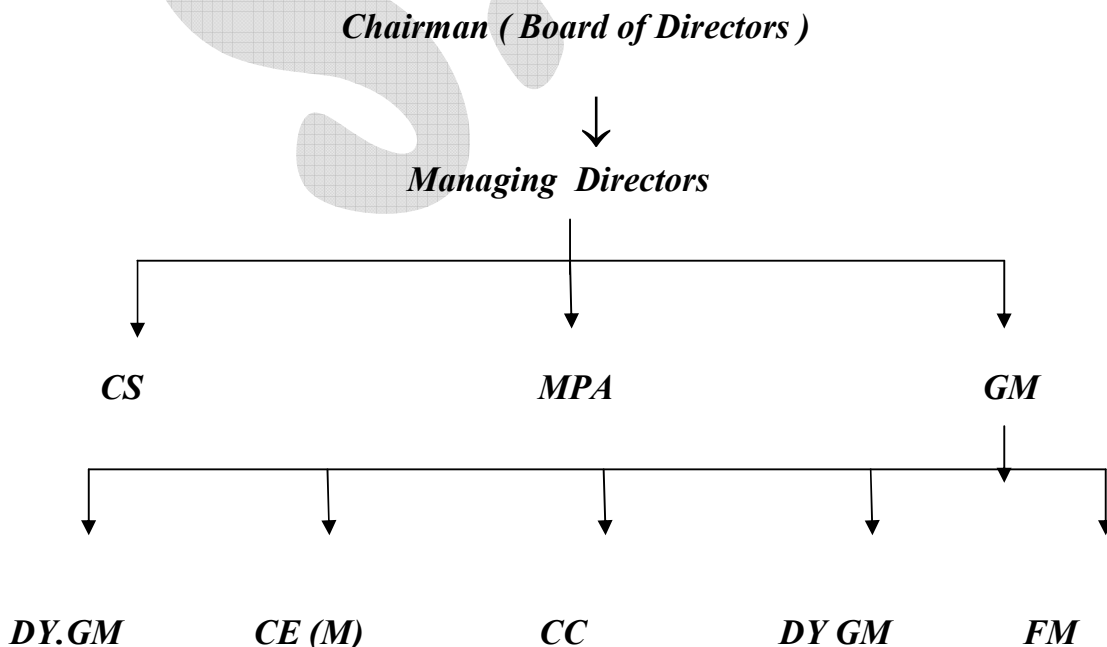
the near future. The company has access to huge limestone resources and plans to expand capacity by debottlenecking and optimization of existing plants as well as by acquisitions. The company has well established brands-sankar super power, Coromandel Super Power and Raasi Super Power. Regional offices in all southern states and Maharashtra with officers/representative in every district.

Functions and activities of The India Cements Limited:

Sankarnagar plant was established in the year 1949. At present sankarnagar plant has been modernized. Initial capacity of 10,000 tones has been increased to 1.55 million tones. In response to government call for an expansion in domestic production capacity to build 2 further wet process kilns at sankarnagar in mid 60’s bringing annual capacity to dry process and existing wet process kiln were replaced with a modern single dry process kiln, increasing capacity of the plant to 1 million tones per annum. Now the company initiated measures to set up a new cement mill for grinding cement at sankarnagar at an estimated project cost of ’20 crore.

Organisational structure :

The board of directors consists of seven members including the chairman, managing director and the government nominee, governs the company. The managing directors have full powers over the affairs of the company.



CS – Company Secretary

MPA – Manager (personal and administration)

GM – General Manager

DY.GM – Deputy General Manager (Mines)

CE (M) – Chief Engineer (Mechanical)

CC – Chief Chemist

DY – GM (CS) – Deputy General manager (Engineer)

FM – Finance Manager

Performance indicators :

Key performance statistics in The India cements limited

	2006	2007	2008	2009	2010
Cement production (million tones)	7.26	8.42	9.23	9.11	10.5
Sales & other income (‘million)	18366.9	26208.8	36056.1	39545.3	42216.9
Net profit / (loss) before tax (‘million)	499.8	4919.6	8446.4	6483.0	5313.2
Cash generated (‘million)	1241.8	5814.6	9624.3	9309.7	7208.7

Production and sale of cement during the financial year 2009-10 as compared to previous year is, as under:

		<i>2008-09 in lakh tones</i>	<i>2009-10 in lakh tones</i>
Production	Clinker	69.83	86.82
	Cement	91.11	104.94
Sale	Clinker	0.02	4.63
	Cement	91.18	105.00
	Total sales	91.20	109.63

Source : Annual Report 2010

Industry performance of The India Cements Limited

<i>Parameter</i>	<i>2009-10</i>	<i>2008-09</i>	<i>Percent of change</i>
Production	116.12	102.85	+12.90
Dispatches	115.44	102.41	+12.72
Export	1.15	1.49	-22.81
Capacity utilization	83	84	-

Source: www.indiacements.co.in

The overall capacity utilization of the company was at a record 105 percent and was higher than the capacity utilization of some of the majors in the country. During the year, the company had successfully completed the conversion of the Sankaridurg Unit from wet process to dry process and the new plant has stabilized quickly.

The following exhibits plant size wise capacity & production of The India Cements Limited :

<i>Types of units</i>	<i>Installed capacity as on 31.03.2005</i>	<i>Percent to total capacity</i>	<i>Cement production</i>	<i>Percent to total capacity</i>
Large plants (numbers 129)	153.59	93	127.57	96
White and mini cement plants (around 365)	11.10	7	6.00	4
Total	164.69	100	133.57	100

Process capacity (large plants) of The India Cements Limited :

<i>Process</i>	<i>Capacity (TPD)</i>	<i>Percent to total</i>	<i>Number of kilns</i>	<i>Average kiln capacity (TPD)</i>
Dry	362868	96	126	2880
Semi-dry	4170	1	8	521
Wet	12320	3	29	425
<i>Total</i>	<i>379358</i>	<i>100</i>	<i>163</i>	<i>2327</i>

***High lights of financial performance of The India Cements Limited :
(in crore)***

	<i>2010-11</i>	<i>2009-10</i>
Net sales / Income from operations	3417.07	3687.27
Other income	123.26	120.99
Total Income	3540.33	3808.26
Total expenditure	3067.03	2944.75
Operating Profit	473.30	863.51

Operating Margin percent	13.37 %	22.67%
Interest & finance charges	141.72	142.64
Gross profit after interest but before depreciation & tax	331.58	720.87
Depreciation	244.03	233.12
Profit for the year	87.55	487.75
Foreign exchange fluctuation	2.32	43.57
Profit before tax	89.87	531.32
Deferred tax liability	5.00	13.66
Taxation provision-net	16.77	163.32
Profit after tax	68.10	354.34
Return on capital employed (ROCE)	8.96%	16.52%

ROCE = Operating profit

Capital employed (excluding capital work in progress & revaluation)

Sales & other income from operations has reduced by 7.03 % primarily due to reduction in the volume of cement by 5 % and absence of clinker sales as detailed elsewhere. The other income was marginally higher due to inclusion of profit on sale of investments primarily that of Bharathi Cement Corporation Limited. The total expenditure has gone up by 4 % on account of increase in the cost push as detailed in the directors' report. Interest and other charges were marginally lower at '141.72 crore ('142.64 crore) while the depreciation charges were higher at '244.03 crore ('233.12 crore) due to higher capitalization including the upgradation facilities at Chilamkur. The deferred taxation provision as has resulted in a liability of '5 crore ('13.66 crore) while the provision for current tax works out to '16.77 crore ('163.32 crore). The resultant net profit after tax was at '68.10 crore as compared to '354.34 crore in the previous year.

Milestones of The India Cements Limited :

2009: The upgraded capacity of kiln 1to 3000 ton per day (1700 ton per day) at vishnupuram started functioning from April 2009.

2010: The corporate office of the company was shifted in February, 2010 to its own building "*coromandel Tower*" , Santhome High Road, Karpagam Avenue, MRC Nagar, Chennai 600028. The company has been placed privately in March 2010, with an equity shares of 24594000 at a price of '120.20 per share to qualified buyers. The company's cricket franchise "*Chennai Super Kings*" has own IPL 3 Trophy in April 2010.

FINDINGS :

3. Increased capacity of kiln to 3000 ton per day (1700 ton per day) from April 2009.
4. The company has been placed privately in March 2010, with an equity shares of 24594000 at a price of '120.20 per share.

SUGGESTIONS :

As per the findings and research, it is suggested to take more preventive measures to avoid fire accidents during manufacturing and packing process.

CONCLUSION:

The researcher has observed the following points:

1. Process costing is used in situations where homogenous products or services are produced on a continuous basis.
2. To compute unit costs in a department, the department's output in terms of equivalent units must be determined.
3. India Cements Limited was established by S.N.N.Sankaralinga Iyer in 1946 & the first plant was setup at Thalaiyuthu in Tamilnadu in 1949.
4. It has 7 integrated cement plants in Tamilnadu, Telangana & Andhra Pradesh. One in Rajasthan & two grinding units, one each in Tamilnadu & Maharashtra with a capacity of 15.5 million tones per annum.
5. This company is operational since 1949.
6. Raw materials used include coal, gypsum, limestone, laterite, iron ore etc.,
7. It has a better control on the quality of cement.