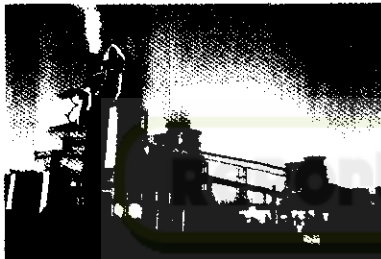


Chettinad Cement Corporation Limited



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**37th Annual
REPORT**
1999-2000



Dr. Rajah Sir M.A. Muthiah Chettiar's urge to contribute to the nation building cause combined with his business acumen culminated in establishing the company "**Chettinad Cement Corporation Limited**" in 1962 to cater to growing demands of Cement in the country.

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MANAGEMENT

Chairman	:	Dr. M.A.M. Ramaswamy
Managing Director	:	Sri M.A.M.R. Muthiah
Directors	:	Sri C.R. Pattabhi Raman Sri N. Thiagarajan Sri M. Nataraj Sri Ramanathan Palaniappan Sri R. Krishnamoorthy Sri SP. ST. Palaniappan Sri K. Ganapathy Sri C.S. Pani Sri K. Desikan (IFCI Nominee) Sri P. Prabakaran (TIIC Nominee)
Management Team	:	Sri R. Narayanan, Executive Director & Secretary Sri L. Muthukrishnan, Vice President (Finance) Sri V.K. Rama Rao, Vice President (Marketing) Sri A.P. Arasappan, Chief General Manager (Projects) Sri C. Sudhakar, Chief General Manager
Auditors	:	M/s. P. B. Vijayaraghavan & Co. M/s. Seshadri & Jayaraman M/s. Krishaan & Co.
Registered Office	:	"Rani Seethai Hall Building", No.603, Anna Salai, Chennai 600 006. www.chettinadcement.com

The history of the group "House of Chettinad" is linked with the 9 decades old saga. In 1912 took birth the House of Chettinad through a visionary, idealist, born entrepreneur Dr. Rajah Sir Annamalai Chettiar who believed in Social Transformation through business. The founder of the House of Chettinad envisaged his companies providing the stimulus for Industrial Growth and conceived business as a means of improving the living standards of people.

This Rs. 8,500 Million business house is today engaged in activities as diverse as cement, granite, engineering, silica, garnet, information technology, steel & textile trading, horse breeding, plantations, shipping, transportation, stevedoring, clearing and forwarding and logistics.

Dr. Rajah Sir M.A. Muthiah Chettiar's urge to contribute to the nation building cause combined with his business acumen culminated in establishing the company "**Chettinad Cement Corporation Limited**" in 1962 to cater to growing demands of Cement in the country. The manufacturing unit located at Puliur, Karur in Tamil Nadu commenced production in April 1968.

PRODUCTS

Chettinad Royal Grade 53

Chettinad Grade 43

Chettinad PPC

Sulphur Resistant Cement

Super Grade Cement

From a modest beginning of 2 Lac tonnes capacity per annum, it was gradually increased to 6 Lac tonnes in the year 1989-90. Presently the plant, employs the Modern Dry Process Technology. It has the most Advanced, Sophisticated, Computerized controlled state-of-the-art LOESCHE MILL for Grinding Raw Meal, LOESCHE lignite mill (first of its kind in India), a five stage pre-heated Kiln & Electronic packing plant. Equipped with centralised control room for process control, the advanced instrumentation and elaborate display screens give up-to-the minute information on the production process so that any deviation can be promptly corrected.

The company, which has always been striving for Total Quality, possesses International Certificate ISO 9002 and ISO 14001 and takes pride in claiming as one of the major player in a highly competitive Cement Industry in India. The company has consistently been working at more than 100% capacity and many laurels have been achieved through award for "BEST PERFORMANCE" in the Cement Industry issued by "National Productivity Council". Besides it has been customary to receive National Safety Awards year after year.

Chettinad Cement has attached great importance to social responsibility and environmental values. This is manifest in the installation of the latest pollution control equipment in the plant. The Company added another feather to its cap by installing and commissioning a giant, sophisticated, high-tech and power efficient O & K cement mill resulting in a quantum leap in production to touch One Million Tonne mark.

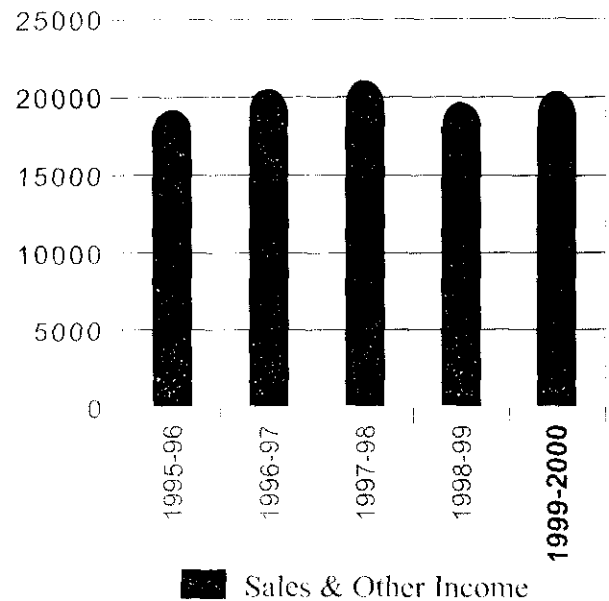
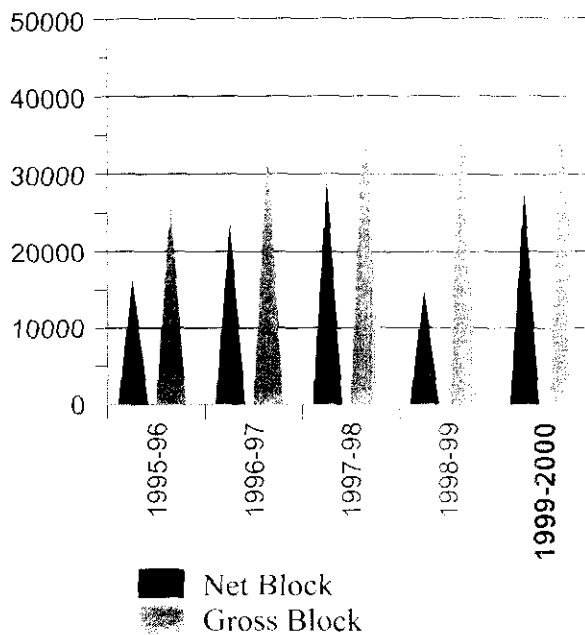
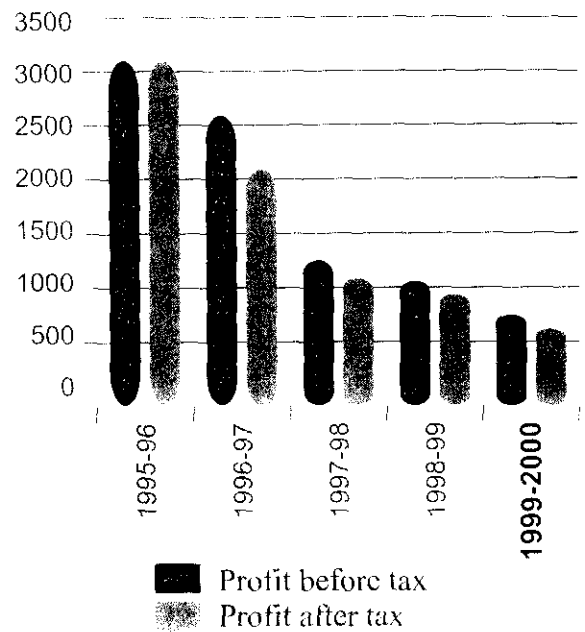
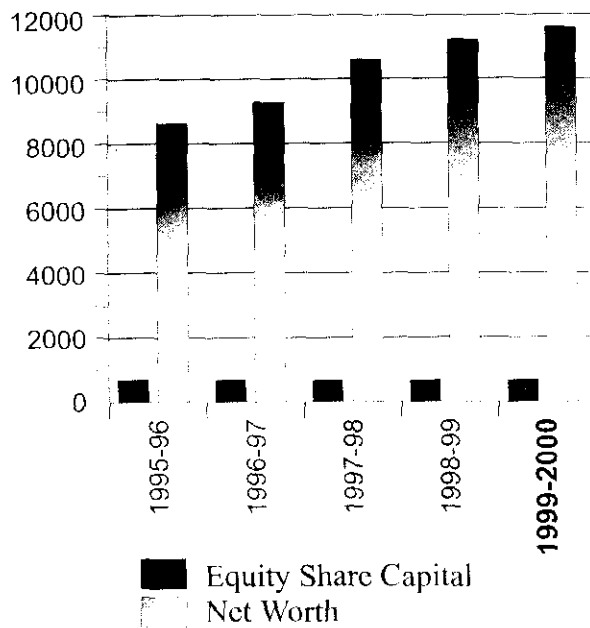
With growing demand for Cement within India and South East Asian countries, Chettinad Cement is all set for expansion into the next millennium. True to its tradition, this deeply rooted tall corporate tree continues to grow and swell its girth. The Company has decided to expand its horizons by starting another green field cement plant of 0.9 million tonnes capacity per annum with an estimated cost of about 350 Crores.

PERFORMANCE AT A GLANCE

	1995-96	1996-97	1997-98	1998-99	1999- 2000
PRODUCTION		(IN MT)			
Clinker	783000	775000	786870	750060	801305
Cement	914517	834484	802332	832553	827414
Capacity Utilisation (%)	152	139	134	139	138
SALES:					
Cement & Clinker	909456	833299	909593	864192	949301
FINANCIAL HIGHLIGHTS		(Rs in Lakhs)			
Turnover (net) including Other Income	19399	20820	21269	19716	20116
Gross Profit	6161	6902	6381	5903	6217
Interest & Lease rentals	1317	2261	3102	2955	2682
Depreciation	1714	2082	1948	1846	2798
Net Profit	3131	2559	1331	1102	728
PAID-UP SHARE CAPITAL	843	843	843	843	843
RESERVES & SURPLUS	7282	9086	9821	10456	10842
RATIOS					
PBIDT to Sales (%)	31.76	33.15	29.82	29.94	30.91
Net Profit to Sales (%)	16.14	12.29	6.26	5.59	3.62
EPS (Rs.)	37.13	25.25	14.13	11.73	7.64
Debt to Equity	1.25	1.44	1.55	1.30	1.17
Book Value per Share (Rs.)	96	118	126	134	139
Dividend (%)	50	35	35	30	25

**Chettinad
Cement
Corporation
Limited**

GRAPHICAL REPRESENTATION - DETAILS



REVIEW OF OPERATION**MARKET SCENARIO IN 1999-2000**

The Cement Industry for the year under review has recorded an impressive growth of 15%. The Production of Cement was at 81.67 million tonnes accounting for a growth of 6.4%, while the despatch was at 93.82 million tonnes accounting for a growth of 14.65% and the capacity utilisation was at 86%.

SALES

The Total Turnover of the Company for the year under review was at Rs. 23,138 lakhs compared to Rs. 22,579 lakhs in 1998-99.

OPERATING EXPENSES

The Operating expenses for the year 1999-2000 was at Rs. 17,037 lakhs as compared to Rs. 16,790 lakhs for the year 1998-99.

OPERATING PROFITS

The Operating profit for the year 1999-2000 was at Rs. 6,276 lakhs as compared to Rs. 5,941 lakhs for the year 1998-99.

INTEREST

The Interest and Lease Rentals have come down from Rs. 2,955 lakhs to Rs. 2,681 lakhs for the year under review.

DEPRECIATION

The Depreciation for the year under review has gone upto Rs. 2,798 lakhs from Rs. 1,846 lakhs in 1998-99 on account of higher depreciation provided for ships based on their remaining useful life.

PROFIT AFTER TAX

The Profit After Tax was at Rs. 643 lakhs for the year 1999-2000 and Rs. 989 lakhs in the year 1998-99.

EARNINGS PER SHARE

The Earnings per Share was at Rs. 7.64 for 1999-2000 and Rs. 11.73 in 1998-99.

DIVIDEND

The Company declared a dividend @ 30% on the equity share capital last year. Since the profits are lower this year the Directors of the company have recommended a dividend @ 25% on the equity share capital of the company.

FUTURE PLANS & OUTLOOK

The company anticipating a boom in the demand for cement in the year 2002-2003 have embarked upon a new green field plant at Karikkali Village, Tamil Nadu at a capacity of 0.9 million tonnes bringing together the total capacity of the company to 1.5 million tonnes. With a view to concentrate on its core competency the company has ventured into capacity expansion by installation of new cement plant and at the same time has decided to sell both its ships.

CHETTINAD CEMENT CORPORATION LIMITED

**Registered Office: "Rani Seethai Hall Building",
603, Anna Salai, Chennai 600 006.**

Notice is hereby given that the Thirty Seventh Annual General Meeting of the members of Chettinad Cement Corporation Limited will be held at 'Rani Seethai Hall', No.603, Anna Salai, Chennai 600 006 on Wednesday, the 20th day of September, 2000, at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Profit and Loss Account for the year ended 31st March, 2000, the Balance Sheet as at that date and Reports of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Dr. M.A.M. Ramaswamy, who retires by rotation in accordance with the Articles of Association of the Company and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Sri C.S. Pani, who retires by rotation in accordance with the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri K. Ganapathy, who retires by rotation in accordance with the Articles of Association of the Company and being eligible, offers himself for re-appointment.
5. To declare Dividend on the Equity Share Capital for the year 1999-2000.
6. To appoint M/s. P.B. Vijayaraghavan & Co., M/s. Seshadri & Jayaraman and M/s. Krishna & Co., Chartered Accountants as Auditors of the Company to hold office from the conclusion of the Thirty Seventh Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration of Rs. 60,000/- (Rupees Sixty Thousand only) each, plus Service Tax, if any, besides their out of pocket expenses.

NOTICE
SPECIAL BUSINESS

7. To consider and if thought fit, to pass the following Resolution with or without modifications as an Ordinary Resolution.

Resolved that subject to the approval of the Financial Institutions, if any, the Authorised Share Capital of the Company be increased from Rs. 50,00,00,000 (Rupees Fifty Crores only) consisting of 5,00,00,000 Shares of Rs. 10/- each to Rs. 100,00,00,000 (Rupees One Hundred Crores only) consisting of 10,00,00,000 Shares of Rs. 10/- each.

8. To consider and if thought fit, to pass the following resolution with or without modifications as a Special Resolution.

Resolved that the first sentence in the Clause V in the Memorandum of Association of the Company be deleted and the following be and is hereby substituted in that place:

“The Share Capital of the Company is Rs. 100,00,00,000 (Rupees One Hundred Crores only) i.e. 10,00,00,000 Shares of Rs. 10/- each”.

9. To consider and if thought fit, to pass the following resolution with or without modifications as a Special Resolution.

Resolved that the existing Clause 5(a) in the Articles of Association of the Company be deleted and the following be inserted as Clause 5(a) in that place:

“5(a). The Share Capital of the Company is Rs. 100,00,00,000 (Rupees One Hundred Crores only) i.e. 10,00,00,000 shares of Rs. 10/- each.

10. To consider if thought fit, to pass the following resolution with or without modifications, as an Ordinary Resolution.

Resolved that the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage and/or to charge on pari-passu basis, all the moveable and immoveable properties of the Company wheresoever situate, present and future and the whole of

NOTICE

the undertaking of the Company and/or conferring power to take over the Management of the business and concern and undertaking of the Company in certain events (whether such power is contained in the documents creating the mortgage/charge or otherwise), to or in favour of the following Financial Institutions/Banks, in connection with Financial Assistance sanctioned by them as detailed below:

On First Charge to:

- a. ICICI Limited for its Rupee Term Loan of Rs. 50.00 Crores.
- b. Central Bank of India for its Rupee Term Loan of Rs. 50.00 Crores.
- c. Indian Overseas Bank for its Rupee Term Loan of Rs. 50.00 Crores.
- d. Canara Bank for its Rupee Term Loan of Rs. 25.00 Crores.
- e. State Bank of Patiala for its Rupee Term Loan of Rs. 25.00 Crores.
- f. State Bank of Mysore for its Rupee Term Loan of Rs. 10.00 Crores.

On Second Charge to:

ICICI Limited for its Working Capital Rupee Term Loan of Rs. 30.00 Crores.

Resolved further that the mortgage/charge created/to be created and/or all agreements/documents executed/to be executed and all acts done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified.

11. To consider if thought fit, to pass the following resolution with or without modifications, as an Ordinary Resolution.

Resolved that the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage and/or to charge all the immoveable properties of the Company wheresoever situate, present and future and the whole of the undertaking of the Company and/or conferring power to take over the Management of the business and concern and undertaking of the Company in certain events (whether such power is contained in the documents creating the mortgage/charge or otherwise), on Second Charge basis, to or in favour of Central Bank of India, in connection with the following Financial Assistance sanctioned by them as detailed below:

- a. Fund Based Cash Credit Working Capital facility of Rs. 2,250.00 lakhs
- b. Non-Fund Based Working Capital Facilities of Rs. 400.00 lakhs, consisting of Letter of Credit and Letter of Guarantee.