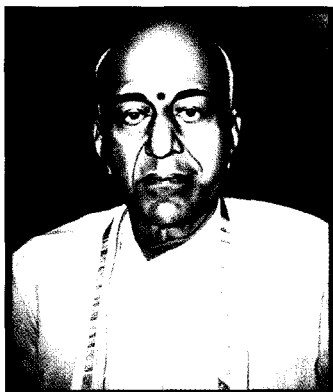




46th
ANNUAL
REPORT
2008-2009

Chettinad Cement Corporation Limited



Founder

Dr. Rajah Sir M.A. Muthiah Chettiar's urge to contribute to the nation building cause combined with his business acumen culminated in establishment of "Chettinad Cement Corporation Limited" in 1962 to cater to the 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 Ramanathan Palaniappan
Sri R. Krishnamoorthy
Sri SP.ST. Palaniappan
Sri K. Ganapathy
Smt. Sheela Rani Chunkath (TIIC Nominee)
- Company Secretary** : Sri S. Hariharan
- 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
Tel : 28292727 Fax : 28291558
Email : chtdmds@vsnl.com
Website : www.chettinadcement.com



PROFILE

CHETTINAD CEMENT CORPORATION LIMITED

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 and 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.

Following the footsteps of his father Dr. Rajah Sir Annamalai Chettiar, Dr. Rajah Sir M.A. Muthiah Chettiar continued to contribute to the nation building cause and combined his business acumen to establish the Company "Chettinad Cement Corporation Limited" in 1962 to cater to growing demand of Cement in the Country. The Company's first manufacturing unit located at Puliur, Karur District, in Tamil Nadu commenced production in April 1968. Today the group is being steered under the versatile, dynamic and pragmatic Leadership of Dr. M.A.M. Ramaswamy and his son Sri M.A.M.R. Muthiah based on the footsteps of Dr. Rajah Sir M.A. Muthiah Chettiar. Apart from cement, the Chettinad House is today engaged in activities as diverse as granite, engineering, silica, garnet, information technology, education, medical, plantations, shipping, transportation, stevedoring, clearing and forwarding and logistics having a combined turnover of over Rs. 15,000 million.

PRODUCTS

OPC 43 Grade .
Super Grade
Sulphate Resistant Portland Cement
Portland Slag Cement

From a modest beginning of 2 Lac tonnes capacity per annum, Chettinad Cement has gradually increased its production capacity to 5 million tonnes per annum with its three cement manufacturing units at Puliur, Karikkali and Ariyalur. All the plants of the Company employ the Modern Dry Process Technology.

The Company commissioned a 15MW Captive Thermal Power Plant at its unit at Karikkali in October 2004 and at Puliur in March 2008 to cater to the entire power requirements of the Plants thereby reduce the power cost.

The company has commissioned the first of its two Greenfield Cement manufacturing units with a capacity of 2 MTPA and 2 x 15 MW Captive Thermal Power Plants at Keezhapaluvur Village, Ariyalur District, Tamilnadu during the financial year 2008-09.

The installation of the second unit and a third 15MW Captive Thermal Power Plant at Ariyalur is in an advanced stage of progress and is expected to be completed during the financial year 2009-10. The company is also in the process of installing a 0.5 MTPA Cement Grinding unit at its existing factory site at Puliur Village, Karur District.

The Company has proposed to set-up a second cement manufacturing unit with a capacity of 2 MTPA adjacent to its existing factory site at Karikkali Village, Dindigul District along with a Captive Thermal Power Plant with a capacity of 40 MW.

The company is also in the process of setting-up a Greenfield Cement manufacturing unit with a capacity of 2.5 MTPA and a Captive Thermal Power Plant with a capacity of 30 MW at Chincholi Taluk, Gulbarga District, Karnataka.

The Company, which has always been striving for Total Quality, possesses International Certification ISO 9001: 2000, ISO 14001: 2004 and ISO 18001: 2000 and takes pride in being acclaimed as one of the major player in a highly competitive Cement Industry in India.

Chettinad Cement has attached great importance to social responsibility and environmental values. This is manifest in the installation of the latest pollution control equipment at all its plants.

The Company has achieved many laurels through awards for "BEST PERFORMANCE" in the Cement Industry and for Environmental Excellence.

PERFORMANCE AT A GLANCE

	2004-05	2005-06	2006-07	2007-08	2008-09
PRODUCTION			(In MT)		
Clinker	1875774	1942742	1890524	2062346	2318789
Cement	2211277	2360557	2683737	2905698	3148896
Capacity Utilisation (%)	147	118	134	145	135
SALES					
Cement & Clinker	2335605	2447313	2686961	2879187	3141914
FINANCIAL HIGHLIGHTS			(Rs. in Lakhs)		
Turnover (net) including					
Other Income	43336	50056	72621	95267	116868
Gross Profit	9421	11901	23933	34693	47064
Interest & Lease rentals	2038	1877	1725	1859	5078
Depreciation	3111	3609	5317	8150	42900
Profit / (Loss) before Tax	4272	6415	16891	24684	(914)
Provision for Taxation					
- Current Tax (Net)	342	5	5832	9262	5125
- Deferred Tax - (Asset) / Liability	1134	2271	(439)	(1005)	(5678)
- Fringe Benefit Tax	-	40	27	50	60
- Earlier years Income Tax	-	93	-	-	-
Net Profit / (Loss) after Tax	2796	4006	11471	16377	(421)
PAID - UP SHARE CAPITAL	2950	2950	2950	2950	2950
RESERVES & SURPLUS	11796	14492	23374	36299	32565
RATIOS					
PBIDT to Sales (%)	21.74	23.78	32.95	36.41	40.27
PBT to Sales (%)	9.86	12.82	23.26	25.91	(-) 0.78
EPS (Rs.)	13.32	21.59	37.39	52.10	40.87
Debt to Equity	1.59	1.37	0.57	0.71	2.09
Book Value per Share (Rs.)	50	59	89	133	120
Dividend (%)	40	50	75	100	100



NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the **Forty sixth 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 **Monday, the 7th day of September, 2009** at **10.00 A.M.** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the Year ended 31st March, 2009, the Balance Sheet as at that date and the 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 SP. ST. Palaniappan**, who retires by rotation in accordance with the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To declare a Dividend on the Equity Share Capital for the Financial Year 2008-09.
5. To appoint M/s P.B. Vijayaraghavan & Co., and M/s Krishna & Co., Chartered Accountants as Auditors of the Company to hold office from the conclusion of the Forty sixth Annual General Meeting until the

conclusion of the next Annual General Meeting on a remuneration of Rs. 1,50,000/- (Rupees One lakh fifty thousand Only) each, plus applicable Taxes if any, besides out of pocket expenses.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass the following resolution as an **Ordinary resolution**, with or without modifications.

RESOLVED THAT pursuant to Section 190 read with Section 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s V. Soundararajan & Co., Chartered Accountants be and are hereby appointed as Auditors of the Company to hold Office along with the existing Auditors M/s P.B. Vijayaraghavan & Co., and M/s Krishna & Co., Chartered Accountants from the conclusion of the Forty Sixth Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration of Rs. 1,50,000/- (Rupees One lakh fifty thousand only) plus applicable Taxes if any, besides their out of Pocket expenses.

By order of the Board,

Place: Chennai

Date : 20th July, 2009.

S.Hariharan

Company Secretary

Notes :

1. An Explanatory Statement as required under Section 173 of the Companies Act, 1956 is annexed hereto for Item No.6 in the Notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM TO BE VALID MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
3. The Register of Members and Share Transfer Books of the company shall remain closed from **01.09.2009 To 07.09.2009** (both days inclusive) for transfer of shares.
4. The Company has appointed M/s Integrated Enterprises (India) Ltd., "Kences Towers", 2nd Floor, No.1, Ramakrishna Street, T. Nagar, Chennai - 600 017 as the Registrar & Share Transfer Agents to undertake all investor servicing activities, both demat and physical segments with effect from 01/04/2003. All concerned are requested to send their documents and address all their future correspondence directly to the above Registrars.
5. Members are requested to intimate their change of address, if any, along with PIN CODE to the Registrars to facilitate quick receipt of the Annual Reports and other official correspondences.
6. Non-resident Shareholders are requested to inform us immediately :
 - a) The change of residential status on return to India permanently.
 - b) The particulars of the NRE Account, if not furnished earlier.
7. Pursuant to the Section 205 A (before amendment) of the Companies Act, 1956, all the unclaimed dividends up to the financial year 1994-95 have been transferred to the Central Government's General Revenue Account. As per the amended Section 205-A, the unclaimed dividend amounts out of the Dividend declared from the financial year ended 31st March, 1996 onwards have to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government after the expiry of seven years from the date of declaration. Accordingly, the unclaimed dividend for the financial years 1995-96 to 2000-01, except where the claim is under dispute or kept in abeyance, has been transferred to the said Fund within the stipulated time. Since no dividend had been declared for the years 2001-02 and 2002-03, the transfer of the unclaimed / un-encashed dividend amount relating to the said two financial years to the IEPF does not arise. The next remittance of such amount will be only during November, 2011 relating to the dividend declared for the year 2003-04. The shareholders who have not claimed / encashed their dividend so far may communicate to the company / Registrars and get their dividend amount for the Financial Years from 2004 - 2008.
8. All the shareholders who are holding the shares in Physical Form are advised to get their shares dematerialized.
9. The details of shareholdings of the Directors appointed / re-appointed in this Annual General Meeting has been disclosed along with their respective resume in the Annexure to the Directors Report - "Corporate Governance".



EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

Item No. 6:

One of the Statutory Auditors M/s Seshadri & Jayaraman, Chartered Accountants have submitted a letter expressing their intention not to seek re-appointment at the ensuing 46th Annual General Meeting of the Company.

The Company subsequently received a Special Notice pursuant to Section 190 read with Section 225 of the Companies Act, 1956 from a Shareholder for moving a resolution at the ensuing Annual General Meeting for appointing M/s V. Soundararajan & Co., Chartered Accountants as Statutory Auditors of the Company to hold Office, along with the two existing Statutory Auditors M/s P.B. Vijayaraghavan & Co., and M/s. Krishna & Co., Chartered Accountants, from the conclusion of 46th Annual General Meeting until the conclusion of the next Annual General Meeting.

Hence this Resolution under Item No. 6 for the approval of the Shareholders.

INTEREST OF DIRECTORS:

1. Sri M.A.M.R. Muthiah, Managing Director of the Company is the son of Dr. M.A.M. Ramaswamy, Chairman of the Company and is therefore, deemed to be interested in the subject matter under Item No.2 in the Notice.
2. None of the Directors are deemed to be interested in the subject matter under item No. 6

INSPECTION OF DOCUMENTS

The following documents will be kept at the Registered Office, during the working hours of the Company and they are open for inspection by the Members.

1. Memorandum and Articles of Association of the Company.
2. Special Notice dated 10.07.2009 received from the shareholder proposing the resolution in Item No.6.

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DIRECTORS' REPORT

The Shareholders,

Your Directors take pleasure in presenting the Forty sixth Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2009.

FINANCIAL RESULTS:

(Rs. in lakhs)

	Current Year ended 31/03/2009	Previous Year ended 31/03/2008
Profit before Depreciation and Interest	47064	34693
LESS :		
Depreciation	42900	8150
Interest	5078	1859
Profit before Tax	(914)	24684
LESS :		
Provision for Income Tax		
– Current	5125	9262
– Deferred (Assets) / Liabilities	(5678)	(1005)
– Fringe Benefit Tax	60	50
Profit after current and deferred tax	(421)	16377
ADD :		
Provision for Taxation no longer required	139	—
Surplus brought from previous year	25304	14879
Total available for appropriation	25022	31256
APPROPRIATIONS		
Transfer to General Reserve	1000	2500
Proposed Dividend	2950	2950
Tax on the Proposed Dividend	502	502
Balance Carried over to Balance Sheet	20570	25304



DIVIDEND

The company has during the financial year 2008-09, changed its accounting policy on method of charging Depreciation to rates and procedure prescribed in the Income Tax Act, 1961 under the Written Down Value Method. This resulted in the company requiring to provide arrears of Depreciation for previous years as per Accounting Standard 6 of Rs. 18147 Lakhs. In view of the same, the company has incurred a Net Loss after Tax of Rs.421 lakhs during the financial year ended 31.03.2009. However since the company has accumulated profits in its Profit & Loss Account of Rs. 25022 lakhs, your Directors are pleased to recommend a Dividend on Equity Share Capital of Rs.10/-per share (100%) for the Financial year 2008-09, from the accumulated profits of the previous years lying in the Profit & Loss Account.

PRODUCTION AND SALES FOR THE YEAR 2008-09

	MT
Clinker produced	2318789
Cement produced	3148896
Cement and Clinker Sales	3141914

OPERATIONS

This is covered under the topic Management Discussion and Analysis.

MANAGEMENT DISCUSSION AND ANALYSIS

a) Industry structure and developments

The world economy has seen one of its worst period during the last financial year. Since the economic pundits are not foreseeing any considerable recovery in the near future, it is going to be a turbulent period ahead for India too at least in the short term. But having been thoroughbred with risks associated with a fragile economy as a developing nation and with a soundly regulated financial and Industrial sector, one must admit that India has absorbed the shocks of the world economic meltdown quite resiliently with much less impact than most developed countries.

The economy registered a growth of 7% during the financial year 2008-09, as against the estimated 9% at the beginning of the financial year. This reduction can be mainly attributed to the global economic slowdown, which had its cascading affect on the demand and supply equation of major commodities as also the housing sector.

The Cement Industry was no exception to the economic slowdown worldwide and in India. During the year under review, the Industry maintained the same growth rate of about 8% in Production and Despatch as it had done in the financial year 2007-08 where itself the growth of the Cement Industry was hampered by spiralling cost of steel and fuel. Considering the economic slowdown to be an additional block on the path of the Cement Industry, the industry can be appreciated to have done well to maintain the same growth rate it had achieved last year.

The Northern region maintained its top slot in growth in production of 13% followed by the 10% growth achieved by the Southern region. However Eastern region topped the consumption growth with a 11% increase followed by Southern region which showed a 10% growth.

Your company has commissioned the Line-1 Greenfield Cement manufacturing unit with a capacity of 2 million Tonnes per Annum at Keezhapaluvur Village, Ariyalur Taluk/Dist., Tamil Nadu in the last quarter of the financial year 2008-09 thereby achieving another milestone in its path of steady but strong growth and performance policy. The company also crossed 3 million tonnes production for the first time in its history and this has been achieved without considering the output of the new plant, which shows that there is always room for growth even at the top, and your company is best equipped to harness that growth.

b) Opportunities, Threats, Risks and Concerns

It is said that in adversity lies opportunity. The same way there lie great opportunities to grow in these times when the economy of our country and the world is at a low. The price of steel, the major raw material for construction industry and coal, the major fuel for production of Cement have tumbled to its lowest in recent times. This is a great opportunity for the construction and infrastructure sector to look for growth and development. And with the new Government at the centre promising focus on development of infrastructure and impetus to housing sector, there is definitely a lot of opportunities for the Cement Industry both in short term and long term future.