



51st
ANNUAL
REPORT
2013-2014

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 K. Ganapathy Sri L.Muthukrishnan Sri S.K. Prabakar, IAS - (TIIC Nominee) Sri R. Ramakrishnan
Company Secretary	:	Sri S. Hariharan
Auditors	:	M/s P.B. Vijayaraghavan & Co. M/s V. Soundararajan & Co. M/s Krishaan & Co.
Registered Office	:	“Rani Seethai Hall Building” No. 603, Anna Salai, Chennai – 600 006 Tel : 28292727 Fax : 28291558 Email : info@chettinadcement.com Website : www.chettinadcement.com CIN : U93090TN1962PLC004947

PROFILE

CHETTINAD CEMENT CORPORATION LIMITED

The history of the group “House of Chettinad” is linked with the 10 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, health care, plantations, shipping, transportation, stevedoring, clearing and forwarding and logistics.

PRODUCTS

OPC 43 Grade
OPC 53 Grade
Super Grade
Sulphate Resistant Portland Cement
Portland Slag Cement

The company had made a modest beginning with Cement Plant of 2 lakhs Tonnes Per Annum at Puliur Village, Karur District, Tamilnadu. With further modernisation, and installation of additional Cement Grinding Unit of 0.5 MTPA in 2009-10, the capacity at Puliur Plant as of date is 1.10 MTPA.

The Company had then installed a Cement Plant with a capacity of 0.9 MTPA during 2001 at Karikkali Village, Dindigul District, Tamilnadu and installed an additional Cement Grinding Unit to increase its capacity to 1.4 MTPA during 2008.

The Company later commissioned its second cement manufacturing unit with a capacity of 2 MTPA adjacent to its existing factory site at Karikkali Village, during the financial year 2010-11 taking the total capacity of the plant to 3.4 MTPA

During 2008-2009 & 2009-2010, company has installed two Green Field Cement Plants at Kilapaluvur Village, Ariyalur District, Tamilnadu at a capacity of 2 MTPA each.

The Company has commissioned its Green field Cement manufacturing Unit with a capacity of 2.5 MTPA at Chincholi Taluk, Gulbarga District, Karnataka, during the financial year 2011-12

With this, the total cement manufacturing capacity of the company is 11.00 Million Tonnes Per Annum at its four units at Puliur, Karikkali and Ariyalur in Tamil Nadu and Chincholi Taluk, Gulbarga District in Karnataka.

The Company has installed captive power plants at all its Units to cater to the entire requirement of power for its Cement Plants. The Company has in all 135 MW of Power Generation from its captive power plants.

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 corporate social responsibility and environmental values. This is manifest in the installation of the latest pollution control equipment at all its plants and social welfare work conducted in the villages and towns around 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

	2009-10	2010-11	2011-12	2012-13	2013-14
PRODUCTION			(In MT)		
Clinker	3029280	3474372	3887981	4766369	4584337
Cement	4003468	4562416	5139375	6160875	5816357
Capacity Utilisation (%)	78	70	52	56	53
SALES					
Cement & Clinker	4061789	4573979	5154671	6188277	5854346
FINANCIAL HIGHLIGHTS			(₹ in Lakhs)		
Turnover (Gross) including					
Other Income	153662	182184	235605	283188	256556
Gross Profit	51209	52093	69050	63476	48391
Interest & Lease rentals	7679	6299	9249	10605	7968
Depreciation	30808	36287	34681	37149	29824
Profit / (Loss) before Tax	12722	9507	25120	15722	10599
Provision for Taxation					
– Current Tax (Net)	3080	1950	5807	2240	43
– Deferred Tax - (Asset) / Liability	(21)	40	513	(272)	(48)
– Fringe Benefit Tax	-	-	-	-	-
Net Profit / (Loss) after Tax	9663	7517	18800	13754	10604
PAID - UP SHARE CAPITAL	3820	3820	3820	3820	3820
RESERVES & SURPLUS	82552	88751	104221	115740	124030
RATIOS					
PBIDT to Sales (%)	33.63	30.28	30.03	22.47	19.41
PBT to Sales (%)	8.35	5.52	10.92	5.56	4.25
EPS (₹)	30.51	19.68	49.21	36.01	27.76
Debt to Equity	0.53	0.72	0.75	0.59	0.61
Book Value per Share (₹)	226	242	283	313	335
Dividend (%)	-	50	75	50	50

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Fifty first 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 27th day of August, 2014 at 10.00 A.M.** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Statement of Profit and Loss of the Company for the Year ended 31st March, 2014, 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(DIN 00826351), 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. Ramanathan Palaniappan (DIN 00624986), 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 for the year 2013-14.
5. To consider appointment of auditors and to fix their remuneration. M/s V. Soundararajan & Co., M/s P.B. Vijayaraghavan & Co. and M/s Krishna & Co., Chartered Accountants, are the retiring auditors. The retiring auditors have held the office of auditors for two terms of five consecutive years, but are eligible for re-appointment pursuant to the third proviso to sub-section (2) of Section 139 of the Companies Act, 2013.

To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 139 and other applicable provisions of the Companies Act, 2013 and Rules thereunder, M/s V. Soundararajan & Co., M/s P.B. Vijayaraghavan & Co. and M/s Krishna & Co., Chartered Accountants, who are retiring as Auditors of the Company at the ensuing 51st Annual General Meeting being eligible for reappointment in terms of third proviso to Section 139 (2) of the Companies Act, 2013, be and are hereby reappointed as Auditors of the Company on a remuneration of ₹ 3 lakhs

(Rupees Three Lakhs only) each plus applicable taxes, if any, besides reimbursement of out of pocket expenses and subject to compliance of third and fourth proviso to Section 139 (1) of the Companies Act, 2013 by the retiring Auditors, till the conclusion of the next Annual General Meeting.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to Section 139, 140, and other applicable provisions of the Companies Act, 2013 and Rules thereunder, M/s Raghavan & Muralidharan, Chartered Accountants, in respect of whom the Company has received Special Notice in writing from a member under Section 115 of the Companies Act, 2013 signifying his intention to propose M/s Raghavan & Muralidharan, Chartered Accountants as Auditors of the Company, be and are hereby appointed as auditors of the Company, in the place of M/s V. Soundararajan & Co., M/s P.B. Vijayaraghavan & Co. and M/s Krishna & Co., Chartered Accountants, who are retiring as auditors of the Company, to hold the office from the conclusion of this annual general meeting until the conclusion of the fifth consecutive annual general meeting (subject to ratification of the appointment by the members at every annual general meeting held after this annual general meeting), on a remuneration of ₹ 9 Lakhs (Rupees Nine Lakhs Only) plus applicable taxes if any, besides reimbursement of out of pocket expenses, for the first year of their tenure and thereafter at such remuneration as may be approved by the Board of Directors of the Company and that the Board of Directors be and are hereby authorized to approve the remuneration as may be determined by the Audit Committee in consultation with the auditors for the remaining tenure of their appointment.”

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

“RESOLVED THAT Subject to Section 148 and other applicable provisions of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, a remuneration of

₹. 2,00,000/- (Rupees Two lakhs only) plus applicable Service Tax and out of pocket expenses, payable to M/s Geeyes & Co., Cost Accountants, for audit of Cost Records of the product manufactured by the company for the year ending 31st March, 2015 as approved by the Audit Committee and Board of Directors of the Company, be and is hereby ratified.”

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

“RESOLVED THAT Subject to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and Rules thereunder read with Schedule IV of the Companies Act, 2013, Mr. Mamidipudi Ravindra Vikram (DIN 00008241), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Mamidipudi Ravindra Vikram as a candidate for the Office of the Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold Office for a period of Five years from the date of his appointment at the ensuing Annual General Meeting and that he is not liable to retire by rotation.”

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

“RESOLVED THAT Subject to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and Rules thereunder read with Schedule IV of the Companies Act, 2013, Mr. Aryabumi Mohan Krishna Reddy (DIN 00093185), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Aryabumi Mohan Krishna Reddy as a candidate for the Office of the Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period of Five years from the date of his appointment at the ensuing Annual General Meeting and that he is not liable to retire by rotation.”

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

“RESOLVED THAT Subject to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and Rules thereunder read with Schedule IV of the Companies Act, 2013, Ms. Bhavana G. Desai (DIN 06893242), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Ms. Bhavana G. Desai as a candidate for the Office of the Director of the Company, be and is hereby appointed as an Independent Director of the company to hold office for a period of Five years from the date of her appointment at the ensuing Annual General Meeting and that she is not liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Section 180(1) (a) of the Companies Act, 2013 (corresponding Section 293(1)(a) of the Companies Act, 1956) and all other applicable provisions, if any, of the Companies Act, 2013, and in supersession of the Ordinary Resolution No.8/2008 passed by the Members of the Company at the 45th Annual General Meeting held on 23rd September, 2008, consent of the Company be and is hereby accorded to the Board of Directors of the Company to create mortgages/charges/hypothecation in any manner whatsoever on all or any of the immovable and movable properties, other assets and whole or substantially the whole of the undertaking(s) of the Company present and future, ranking pari-passu or otherwise and/or second and/or subservient and/or subordinate to the mortgages /charges/hypothecation already created or to be created in future by the Company for securing any loans and/or advances and/or guarantees and/or any financial assistance obtained or may be obtained from financial institutions, banks or machinery suppliers and/or any other persons or institutions providing finance for purchase of assets and /or for the business of the Company or for working capital or for purchase of specific items of machinery and equipments under any deferred payment scheme or bills discounting scheme or in favour of trustees for Debentureholders / Bondholders, FCCB holders that may be appointed hereafter, as

security for the debentures / bonds /FCCBs that may be issued by the Company, on such terms and conditions and at such times and in such form and manner as the Board of Directors may deem fit, so that the total outstanding amount at any time so secured shall not exceed the aggregate of the amounts consented by the Company by the Resolution passed at this meeting pursuant to Section 180(1)(c) of the Companies Act, 2013 i.e., ₹ 3000 Crores (Rupees three thousand Crores only) together with interest thereon and further interest, if any, cost, charges, expenses, remuneration payable to the trustees and all other monies payable by the Company”.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to and cause to prepare, finalise, approve and execute on behalf of the Company with the lenders, banks, machinery suppliers, persons, institutions and trustees for the Debenture/Bond/FCCB holders, the documents, deeds, agreements, declarations, undertakings and writings as may be necessary and expedient for giving effect to the foregoing resolution and also to delegate all or any of the above powers to the Committee of Directors or the Managing Director or the Director or the Key Managerial Personnel of the Company”.

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

“RESOLVED THAT pursuant to the provisions of Section 180(1) (c) of the Companies Act, 2013 (corresponding Section 293(1)(d) of the Companies Act, 1956) and all other applicable provisions, if any, of the Companies Act, 2013 and pursuant to the provisions of the Articles of Association of the Company and in supersession of the Ordinary Resolution No.7/2010 passed by the Members of the Company at the 47th Annual General Meeting held on 21st September, 2010, consent of the Company be and is hereby accorded to the Board of Directors of the Company to

borrow in any manner from time to time any sum or sums of moneys at its discretion on such terms and conditions as the Board of Directors may deem fit, notwithstanding that the moneys to be borrowed by the Company together with the moneys already borrowed (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) from the financial institutions, Company’s bankers and /or from any person or persons, firms, bodies corporate whether by way of loans, advances, deposits, bill discounting, issue of debentures, bonds or any financial instruments or otherwise and whether secured or unsecured which may exceed the aggregate of the paid up share capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose, provided that the maximum amount of money so borrowed by the Board and outstanding at any one time shall not exceed the sum of ₹ 3000 Crores (Rupees three thousand Crores only).”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and are hereby authorised to do and perform all such acts, deeds matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and also to delegate all or any of the above powers to such Committee of Directors or the Managing Director or the Director or the Key Managerial Personnel of the Company and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution”.

**By order of the Board,
M.A.M. Ramaswamy
Chairman**

**Place : Chennai
Date : 30.07.2014**

Notes:

1. An Explanatory Statement as required under Section 102 of the Companies Act, 2013 for item Nos.6 to 12 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH PROXY/PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED AND SIGNED NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS ANNEXED HERewith. PROXIES SUBMITTED ON BEHALF OF THE COMPANIES, SOCIETIES ETC. MUST BE SUPPORTED BY AN APPROPRIATE RESOLUTION/AUTHORITY AS APPLICABLE.**
3. The Register of Members and Share Transfer Books of the company shall remain closed from **21.08.2014 To 27.08.2014** (both days inclusive) for transfer of shares.
4. The dividend as recommended by the Board of Directors and approved by the members shall be paid to those members, whose names shall appear on the Company's Register of Members on **20.08.2014**. In respect of shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per details to be furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).
5. 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.
6. The notices, Annual Reports etc., are being sent to the Shareholders through electronic mode to the Registered e-mail address of the Shareholders.

All the Shareholders those who have not furnished the e-mail details are therefore requested to register their current e-mail ID with their Depository or the Company's Registrars and Transfer Agents, as the case may be to enable the Company to send all the future corporate communications/Annual Reports electronically. The Company shall still provide a physical copy of the above to any shareholder, on request, at no additional cost.

All the shareholders who are holding the shares in Physical form are advised to get their shares dematerialized, if necessary.
7. 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.
8. As per Section 205 A of the Companies Act, 1956, the unclaimed dividend amounts out of the Dividend declared from the financial year ended 31st March, 1996 onwards shall 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 2005-06 except where the claim is under the dispute or kept in abeyance, has been transferred to the said Fund within the stipulated time. The next remittance of dividend declared for the financial year 2006 -07 will be made during October / November, 2014.

The members who have not claimed/encashed their dividend so far may communicate to the Company/Registrars and get the dividend amount, declared for the Financial years from 2006-07 to 2012-13. [No dividend declared for the year 2009-10].

Explanatory Statement as required under Section 102 of the Companies Act, 2013.

Item No. 6:

M/s V. Soundararajan & Co., M/s P.B. Vijayaraghavan & Co. and M/s Krishna & Co., Chartered Accountants retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and eligible for reappointment. Meanwhile, the Company has received a Special Notice from a Shareholder pursuant to Section 140 read with Section 115 of the Companies Act, 2013 proposing a resolution for approval of the members at the 51st Annual General Meeting to be held on the 27th August, 2014 for appointment of M/s Raghavan & Muralidharan, Chartered Accountants as Auditors of the Company in place of the retiring Auditors M/s V. Soundararajan & Co., M/s P.B. Vijayaraghavan & Co. and M/s Krishna & Co. The subject resolution is appearing in Item No. 6 of the Notice convening the Annual General Meeting. A copy of the Special Notice has been forwarded to the retiring Auditors as required under Section 140 of the Companies Act, 2013. M/s Raghavan & Muralidharan, Chartered Accountants have also given their consent to act as Auditors, if appointed, and confirmed that the appointment if made, would be in compliance with Section 141 read with the Companies (Audit and Auditors) Rules, 2014.

None of the Directors and Key Managerial personnel of the Company or their relatives is concerned with or interested in, financial or otherwise in the resolution set out in item No. 6 of the Notice.

Item No.7

Pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board shall appoint a Cost Accountant in practice on the recommendation of the Audit Committee, which shall also recommend remuneration for such cost auditor. The remuneration recommended by Audit Committee shall be considered and approved by the Board of Directors and ratified by the shareholders.

On recommendation of Audit Committee at its meeting held on 14th May, 2014, the Board has considered and approved appointment of M/s. Geeyes & Co., Cost Accountants for conduct of Cost Audit of the Company's Cement Manufacturing Units at a remuneration of

₹.2,00,000 plus applicable service tax and reimbursement of actual travel and out of pocket expenses for the Financial Year ending 31st March, 2015.

The Resolution at item No. 7 of the Notice is set out as an Ordinary Resolution for approval and ratification by the Members in terms of Section 148 of the Companies Act, 2013.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

Item No. 8, 9 and 10:

The Companies Act, 2013 stipulates that every Public Limited Company with a Share Capital of ₹. 10 crores or more shall have atleast two Independent Directors. The Independent Directors shall hold office for a term upto a consecutive period of five years in the Board of the company. The company has also received notice from Shareholders under Section 160 of the Companies Act, 2013 alongwith the requisite deposit proposing the names of Mr. Mamidipudi Ravindra Vikram, Mr. Aryabumi Mohan Krishna Reddy and Smt. Bhavana G. Desai to the office of Independent Directors not to be liable to retirement by rotation, in the Board of the Company, at the General Meeting for a period of five consecutive years. Further, Mr. Mamidipudi Ravindra Vikram, Mr. Aryabumi Mohan Krishna Reddy and Smt. Bhavana G. Desai have consented to seek appointment as an Independent Directors in the Board of the Company, at the ensuing Annual General Meeting. The Company has confirmed that Mr. Mamidipudi Ravindra Vikram, Mr. Aryabumi Mohan Krishna Reddy and Smt. Bhavana G. Desai meet the criteria of Independence as stipulated in Section 149(6) of the Companies Act, 2013 and possess the relevant experience and expertise for the said office.

The appointment of Mr. Mamidipudi Ravindra Vikram, Mr. Aryabumi Mohan Krishna Reddy and Smt. Bhavana G. Desai to the office of the Independent Directors once made at the ensuing Annual General Meeting, would be formalized by a formal letter of Appointment by the Board of Directors of the company in compliance with Schedule IV of the Companies Act, 2013.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is