



---

THE

---

INDIA CEMENTS

---

LIMITED

---

---

---

---

---

---

---

---

---

ANNUAL REPORT

**2011**

## **65<sup>th</sup> Annual General Meeting**

Date : 24<sup>th</sup> August, 2011

Time : 9.30 A.M

Venue : Sathguru Gnanananda Hall  
(Narada Gana Sabha)  
No.314, T.T.K. Road  
Alwarpet  
Chennai 600 018

### **A REQUEST**

The practice of distributing copies of Annual Report at the Annual General Meeting has been discontinued in view of the high cost of paper and printing. Shareholders are, therefore, requested to bring their copy of the Annual Report to the meeting.

## **CONTENTS**

Page No.

Notice to Shareholders	2
Ten Years in Brief – Financial Information	6
Directors' Report	7
Corporate Governance	23
Auditors' Report	39
Balance Sheet	44
Profit & Loss Account	45
Schedules	46
Cash Flow Statement	69
Statement pursuant to Sec. 212 of the Companies Act, 1956	71
Information in aggregate of each Subsidiary	72
Auditors' Report on the Consolidated Financial Statements	73
Consolidated Balance Sheet	74



# THE INDIA CEMENTS LIMITED



## BOARD OF DIRECTORS

<b>Sri N.Srinivasan</b>	Vice Chairman & Managing Director
<b>Mrs Chitra Srinivasan</b>	
<b>Ms Rupa Gurunath</b>	Wholetime Director
<b>Dr. B.S.Adityan</b>	
<b>Sri Arun Datta</b>	
<b>Sri R.K.Das</b>	
<b>Sri N.R.Krishnan</b>	
<b>Sri V.Manickam</b>	(Nominee of Life Insurance Corporation of India)
<b>Sri K.P.Nair</b>	(Nominee of IDBI Bank Limited)
<b>Sri A.Sankarakrishnan</b>	
<b>Sri N.Srinivasan</b>	
<b>Sri K.Subramanian</b>	(Nominee of Housing and Urban Development Corporation Limited)

## Auditors

Messrs Brahmayya & Co. and  
Messrs P.S. Subramania Iyer & Co.,  
Chartered Accountants  
Chennai.

## Registered Office

"Dhun Building"  
827, Anna Salai  
Chennai - 600 002.

## Corporate Office

"Coromandel Towers"  
93, Santhome High Road,  
Karpagam Avenue, R.A. Puram  
Chennai - 600 028.

## Cement Factories

### TAMIL NADU

**Sankarnagar,**  
Tirunelveli District.

**Sankari,**  
Salem District.

**Dalavoi,**  
Perambalur District.

### TAMIL NADU

**Vallur Village,**  
Tiruvallur District.

### ANDHRA PRADESH

**Chilamakur & Yerraguntla,**  
Cuddapah District.

**Vishnupuram,**  
Nalgonda District.

**Malkapur,**  
Ranga Reddy District.

## Grinding Units

### MAHARASHTRA

**Parli Vaijnath,**  
Beed District.



# THE INDIA CEMENTS LIMITED

Registered Office: "Dhun Building", 827, Anna Salai, Chennai 600 002.

Corporate Office : "Coromandel Towers", 93, Santhome High Road,  
Karpagam Avenue, R.A. Puram, Chennai 600 028.

## NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Sixtyfifth Annual General Meeting of The India Cements Limited will be held at 9.30 A.M. on Wednesday, the 24<sup>th</sup> August 2011, at Sathguru Gnanananda Hall, (Narada Gana Sabha), No. 314, T.T.K. Road, Alwarpet, Chennai 600 018, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, the accounts of the Company for the year ended 31<sup>st</sup> March 2011 and the Auditors' Report thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in the place of Dr. B.S. Adityan who retires by rotation and is eligible for reappointment.
4. To appoint a Director in the place of Sri K. Subramanian who retires by rotation and is eligible for reappointment.
5. To appoint a Director in the place of Sri R.K. Das who retires by rotation and is eligible for reappointment.
6. To appoint Auditors and fix their remuneration:

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

"RESOLVED THAT M/s.Brahmayya & Co. (Registration No. 000511S) and M/s.P.S.Subramania Iyer & Co., (Registration No. 004104S) Chartered Accountants, Chennai, be and are hereby appointed Auditors of the Company including its branch offices to hold office from the conclusion of the sixtyfifth Annual General Meeting until conclusion of the sixtysixth Annual General Meeting and that their remuneration be and is hereby fixed at Rs.40,00,000/- each, exclusive of service tax and all travelling and out of pocket expenses which shall be reimbursed to them."

### NOTES:

1. Details pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking reappointment at the Annual General Meeting are separately annexed hereto for items no. 3 to 5.
2. ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXIES SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 18<sup>th</sup> August, 2011 to 24<sup>th</sup> August, 2011 (both days inclusive).
4. The Equity dividend, if declared, will be paid on or before 22<sup>nd</sup> September, 2011 to those Members (or their mandatees) whose names will appear in the Company's Register of Members as on 24<sup>th</sup> August, 2011. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for this purpose.
5. Members are requested to contact the Registrar and Share Transfer Agent for all matters connected with the Company's shares at: Integrated Enterprises (India) Limited, 2<sup>nd</sup> Floor, 'Kences Towers', No.1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai 600017. Tel.: 044-28140801 to 28140803 & Fax : 044-28142479; Email: corpserv@iepindia.com

Members holding shares in physical form are requested to notify change of address, if any, to the Registrar and Share Transfer Agent (RTA). Members holding shares in physical form in more than one folio are requested to write to the RTA immediately enclosing their share certificates for consolidation of their holdings into one folio. In order to provide protection against fraudulent encashment of dividend warrants, Members are requested to provide, if not already provided, their bank account number, name of the bank and address of the branch, quoting their folio numbers, to the Registered Office/Corporate Office of the Company or RTA.



6. Members holding shares in the dematerialised mode are requested to intimate all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, etc. to their Depository Participant (DP). These changes will be automatically reflected in the Company's records.
7. Unclaimed dividends upto and including for the financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants relating to financial year(s) upto 1994-95 may claim the same from the Registrar of Companies, Tamil Nadu-I, Chennai, No.26, Haddows Road, Chennai 600006, in the prescribed form which will be supplied by the Company/RTA on request.
8. Unclaimed dividends for the financial years from 1995-96 to 2000-01 have been transferred to Investor Education and Protection Fund. Dividend for the financial years ended 31<sup>st</sup> March, 2007, 31<sup>st</sup> March, 2008, 31<sup>st</sup> March, 2009 and 31<sup>st</sup> March, 2010 which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund established under Section 205C of the Companies Act, 1956. Shareholders who have not encashed the dividend warrant(s) so far for the financial years ended 31<sup>st</sup> March, 2007, 31<sup>st</sup> March, 2008, 31<sup>st</sup> March, 2009 and 31<sup>st</sup> March, 2010 are requested to make their claim forthwith to the Registered/Corporate Office of the Company/ RTA. It may be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund, as above, no claim shall lie in respect thereof.
9. Under the provisions of Section 109A and 109B of the Companies Act, 1956, shareholder(s) is/are entitled to nominate in the prescribed manner, a person to whom his/her/their shares in the Company, shall vest after his/her/their lifetime. Members who are holding shares in physical form and are interested in availing this nomination facility are requested to write to the Company/RTA.
10. The Company has been providing ECS facility to all shareholders, holding shares in electronic and physical forms. As per RBI's notification, with effect from 1<sup>st</sup> October 2009, the remittance of money through ECS has been replaced by National Electronic Clearing Service (NECS). NECS operates on the new and unique bank account number allotted by banks post implementation of the Core Banking Solutions (CBS). Pursuant to implementation of CBS, your bank account number may have undergone a change, which is required to be communicated by you to your Depository Participant (in case of shareholders holding shares in dematerialised form) or to the Company's Share Transfer Agent (in case of shareholders holding shares in physical form).
11. Members are requested to note that in case of transfers, deletion of name of deceased shareholder, transmission and transposition of names in respect of shares held in physical form, submission of photocopy of PAN Card of the transferee(s), surviving holder(s), legal heir(s) and joint holder(s) respectively, along with necessary documents at the time of lodgement of request for transfer/ transmission/transposition, is now mandatory.
12. Ministry of Corporate Affairs vide Circular no.17/2011 and 18/ 2011 dated 21.04.2011 and 29.04.2011 respectively, clarified that a company would have complied with Section 53 of the Companies Act, 1956, if the service of document has been made through electronic mode provided the Company has obtained e-mail addresses of its members for sending the notice/documents through e-mail. For receiving the notice/documents by e-mode, members are requested to register their e-mail address and changes therein from time to time, with their Depository Participant (in case of shares held in dematerialised form) or with the Company's Share Transfer Agent (in case of shares held in physical form).

(By order of the Board)  
for THE INDIA CEMENTS LIMITED

Place: Chennai  
Date : 30<sup>th</sup> May, 2011

G BALAKRISHNAN  
President & Company Secretary



**PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES, FOLLOWING INFORMATION ARE FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE REAPPOINTED, VIDE ITEMS NO. 3 to 5 OF NOTICE DATED 30TH MAY 2011.**

(i) Name of the Director	: Dr. B.S. Adityan
Date of Birth	: 24th September 1936
Date of appointment on the Board as Director	: 7th March 1967
Date of last reappointment as Director	: 7th August 2009
Expertise in specific functional areas	: Industry
Qualification	: Bachelor of Arts
Number of Equity Shares held in the Company by the Director or for other persons on a beneficial basis	: 12704
List of outside Directorships held in Public Companies	: 1. Sun Paper Mill Limited 2. India Cements Capital Limited 3. MIOT Hospitals Limited 4. Trinetra Cement Limited
Chairman / Member of the Committees of Board of Directors of the Company	: 1. Audit Committee - Chairman 2. Shareholders'/Investors' Grievance Committee - Chairman
Chairman / Member of the Committees of Board of Directors of other Companies in which he is a Director	: India Cements Capital Limited - Audit Committee - Chairman
Relationship with other Directors	: Nil
(ii) Name of the Director	: Sri K. Subramanian
Date of Birth	: 15th February 1954
Date of appointment on the Board as Director	: 20th April 2007
Date of last reappointment as Director	: 7th August 2009
Expertise in specific functional areas	: Executive Director (Consultancy & Works), Housing and Urban Development Corporation Limited, Chennai
Qualification	: B.E. (Civil), M.E. (P.H.E.), PGD SanEngg (Delft)
Number of Equity Shares held in the Company by the Director or for other persons on a beneficial basis	: Nil
List of outside Directorships held in Public Companies	: 1. Ind Bank Housing Limited 2. Signa Infrastructure India Limited
Chairman / Member of the Committees of Board of Directors of the Company	: Nil
Chairman / Member of the Committees of Board of Directors of other Companies in which he is a Director	: Ind Bank Housing Limited - Audit Committee - Member - Shareholders'/Investors' Grievance Committee - Member
Relationship with other Directors	: Nil



(iii) Name of the Director	:	Sri R.K. Das
Date of Birth	:	23rd May 1933
Date of appointment on the Board as Director	:	1st October 2004
Date of last reappointment as Director	:	7th August 2009
Expertise in specific functional areas	:	Technical
Qualification	:	B.E. (Mech.)
Number of Equity Shares held in the Company by the Director or for other persons on a beneficial basis	:	1500
List of outside Directorships held in Public Companies	:	1. Coromandel Sugars Limited 2. ICL Financial Services Limited 3. ICL International Limited 4. ICL Securities Limited 5. ICL Shipping Limited 6. Industrial Chemicals & Monomers Limited 7. Raasi Cement Limited 8. Trinetra Cement Limited
Chairman / Member of the Committees of Board of Directors of the Company	:	Audit Committee - Member.
Chairman / Member of the Committees of Board of Directors of other Companies in which he is a Director	:	Nil
Relationship with other Directors	:	Nil



## TEN YEARS IN BRIEF - FINANCIAL INFORMATION

### YEAR ENDED 31st MARCH

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Sales &amp; Earnings</b>											
1. Sales and other Income	Rs.Lakhs	131325	103300	123688	140230	183669	262088	360561	395454	422169	<b>401134</b>
2. Profit/(Loss) before tax	Rs.Lakhs	(757)	(30723)	(11273)	458	4998	49196	84464	64830	53132	<b>8987</b>
3. Cash Generated (internally)	Rs.Lakhs	7994	(22582)	(3122)	8335	12652	59459	96243	93097	72087	<b>33158</b>
<b>Assets</b>											
4. Fixed Assets (Net)	Rs.Lakhs	142562	134458	233387	220485	211497	293858	403937	471229	462151	<b>487431</b>
5. Capital Investments	Rs.Lakhs	2461	405	1971	2212	4896	14870	91990	95426	29625	<b>56896</b>
6. Current Assets	Rs.Lakhs	43572	28415	30796	38791	49803	73889	108735	83010	100726	<b>80523</b>
7. Loans and Advances	Rs.Lakhs	97769	103167	100022	98054	101439	97862	106206	131343	186919	<b>209863</b>
<b>Capital &amp; Reserves</b>											
8. Share Capital	Rs.Lakhs	16359	16359	16359	16359	21577	26037	28187	28243	30717	<b>30718</b>
9. Reserves and Surplus*	Rs.Lakhs	42778	23795	12105	12132	57567	108319	224427	262559	318019	<b>319457</b>
10. Shareholders' Fund	Rs.Lakhs	59137	40154	28464	28491	79144	134356	252614	290802	348736	<b>350175</b>
<b>Net worth, EPS &amp; Dividend</b>											
11. Net worth per equity share	(Rs.)	41.18	27.38	18.88	18.90	40.18	51.60	89.62	102.96	113.53	<b>114.00</b>
12. Earnings per equity share	(Rs.)	(0.06)	(14.74)	(7.13)	0.12	2.61	19.65	23.97	15.32	12.49	<b>2.22</b>
13. Equity Dividend Per Share	(Rs.)	–	–	–	–	–	1	2	2	2	<b>1.50</b>

\* Figures exclude revaluation reserve and deferred income and after adjustment of deferred revenue expenditure.





## DIRECTORS' REPORT

Your Directors have pleasure in presenting their **Sixtyfifth Annual Report** together with audited accounts for the year ended 31st March 2011.

Rs. in Crores  
For the year ended 31st March

### FINANCIAL RESULTS

	2011	2010
Profit before Interest & Depreciation	473.30	863.51
Less: Interest & Other Charges	141.72	142.64
Less: Depreciation	244.03	233.12
Less: Forex Fluctuation Loss/(Gain)	(2.32)	(43.57)
Add: Transfer from Share Premium	–	13.28
Less: Shares/Bond issue expenses	–	13.28
Profit before Tax	89.87	531.32
Deferred Tax	5.00	13.66
Provision for Taxation (net)	16.77	163.32
Profit after Tax	68.10	354.34
Add: Balance brought forward from last year	986.11	823.41
Less: Dividend proposed on Equity Capital (including Dividend Distribution Tax)	53.73	71.64
Less: Transfer to General Reserve	10.00	70.00
Less: Transfer to Contingency Reserve	36.00	50.00
Balance carried in Profit & Loss A/c	954.48	986.11

### DIVIDEND

The Board of Directors has recommended a dividend of Rs.1.50 per equity share of Rs.10/- each on 30,71,74,910 equity shares of Rs.10/- each for the year ended 31st March, 2011 and proportionate dividend on shares having calls in arrears.

### SHARE CAPITAL

The Company issued during the year 1500 equity shares at a price of Rs. 50/- per share (including premium of Rs. 40/- per share) on exercise of options in terms of India Cements Employees Stock Option Scheme, 2006 (ESOS 2006). Further, the Company received during the year calls in arrears of Rs. 4746. Consequently, the paidup equity share capital of the Company has increased to Rs.307,17,64,775 as on 31st March, 2011 comprising 30,71,74,910 equity shares of Rs. 10/- each and 2247 equity shares on which a sum of Rs.15,675 has been paidup. The balance of Rs.6,795 represents calls in arrears.

### REDEMPTION OF FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

The Company redeemed fully all the outstanding Foreign Currency Convertible Bonds on the maturity date i.e., 12<sup>th</sup> May, 2011.



## **EMPLOYEE STOCK OPTION SCHEME**

Details of options granted / exercised and other disclosures as required under Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in the Annexure 'F' to this Report.

Messrs. Brahmayya & Co., Statutory Auditors of the Company have certified that the aforesaid Scheme has been implemented in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the resolutions passed by the members approving the Scheme.

No options have been granted under India Cements Employees Stock Option Scheme, 2007.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' responsibility.

"We confirm

1. That in the preparation of the accounts for the year ended 31st March, 2011, the applicable accounting standards have been followed.
2. That such Accounting Policies have been selected and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the Company for the year ended on that date.
3. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the annual accounts for the year ended 31st March, 2011 have been prepared on a going concern basis."

## **MANAGEMENT DISCUSSION AND ANALYSIS**

Pursuant to Clause 49 of the Listing Agreement, a Management Discussion and Analysis Report is given as addition to this report.

## **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the listing agreement with Stock Exchanges, a report on Corporate Governance along with Auditors' Certificate of its compliance is included as part of the Annual Report and is given in Annexure 'C' and Annexure 'D' respectively. Further, a declaration on Code of Conduct signed by the Vice Chairman & Managing Director in his capacity as the Chief Executive Officer of the Company is given as Annexure 'E'.

## **OPERATIONS**

### **COMPANY PERFORMANCE**

The details relating to the Company's performance have been set out in the Management Discussion and Analysis section. The year under review had the full benefit from the upgraded kiln at Vishnupuram Plant and the enhanced capacity of Malkapur Plant but given the tight market conditions the overall production was lower than that of previous year. The clinker production of your company stood at 76.34 Lakh Ts (86.82 Lakh Ts) while the cement grinding was at 99.80 Lakh Ts (104.94 Lakh Ts). The sale of cement was at 99.32 Lakh Ts (105.01 Lakh Ts) while the clinker sale was lower at 0.32 Lakh Ts (4.63 Lakh Ts).