



THE

INDIA CEMENTS

LIMITED

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ANNUAL REPORT
2003



THE INDIA CEMENTS LIMITED



BOARD OF DIRECTORS

Sri N.Sankar	Chairman
Sri N.Srinivasan	Vice Chairman & Managing Director
Sri N.Ramachandran	Executive Director
Sri N.Kumar	
Sri B.S.Adityan	
Dr M.V.Kamath	(upto 23.07.2003)
Sri N.Biswas	(Representing ICICI Bank Ltd.) (upto 19.12.2002)
Sri N.D.Pinge	(Representing ICICI Bank Ltd.) (from 29.01.2003)
Sri Gul M. Iqbal	(Representing UTI)
Sri N.R.Ranganathan	(Representing Life Insurance Corporation of India)
Sri J.Jayaraman	(Representing Industrial Development Bank of India)
Sri V.M.Mohammed Meeran	(from 31.07.2003)

Auditors

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

Registered Office

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

Cement Factories

TAMILNADU

Sankarnagar,
Tirunelveli District.
Sankari,
Salem District.
Dalavoi,
Perambalur District

ANDHRA PRADESH

Chilamakur & Yerraguntla,
Cuddapah District.
Vishnupuram,
Nalgonda District.



THE INDIA CEMENTS LIMITED

Registered Office : "Dhun Building", 827, Anna Salai

Chennai – 600 002.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **fiftyseventh** Annual General Meeting of The India Cements Limited will be held at **10.00 A.M** on Wednesday, the **24th September 2003** at **SATHGURU GNANANANDA HALL** (Narada Gana Sabha), 314 (Old No.254), T.T.K Road (Mowbrays Road), Chennai 600018, 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 **31st March 2003** and the Auditors' Report thereon.
2. To appoint a Director in the place of **Mr.N.Sankar** who retires by rotation and is eligible for reappointment.
3. To appoint a Director in the place of **Mr.B.S.Adityan** who retires by rotation and is eligible for reappointment.
4. 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. and M/s.P.S.Subramania Iyer & Co., Chartered Accountants, Chennai, be and are hereby appointed Auditors of the Company including its branch offices to hold Office from the conclusion of the fifty-seventh Annual General Meeting until the conclusion of the fiftyeighth Annual General Meeting and that their remuneration be and is hereby fixed at Rs.10,00,000/- each, exclusive of service tax and all travelling and out of pocket expenses which shall be reimbursed to them."

SPECIAL BUSINESS:

5. To appoint Mr.N.D.Pinge as a Director of the Company and for that purpose to consider and if deemed fit, to pass the following ORDINARY RESOLUTION of which notice has been received from a member of the Company as required under section 257 of the Companies Act, 1956:

"RESOLVED THAT Mr.N.D.Pinge be and is hereby appointed as a Director of the Company subject to retirement by rotation."

NOTES:

1. Explanatory Statement is annexed to the Notice of the fiftyseventh Annual General Meeting of the Company as required by Section 173(2) of the Companies Act, 1956 in respect of item no. 5 .
2. Details pursuant to clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment / reappointment at the Annual General Meeting are separately annexed hereto for items no.2, 3 and 5.
3. ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF 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.
4. The Register of Members and Share Transfer Books of the company will remain closed from **17th September 2003 to 24th September 2003** (both days inclusive).

5. The Company has appointed Integrated Enterprises (India) Limited as Registrar and Share Transfer Agent of the Company, effective from 31st March 2003. The advertisement to this effect was published in leading newspapers having wide circulation. Members are therefore requested to contact the Registrar and Share Transfer Agent for all matters connected with the Company's shares at:

M/s Integrated Enterprises (India) Limited
2nd Floor, 'Kences Towers', No.1, Ramakrishna Street
North Usman Road, T Nagar, Chennai 600 017.
Tel.: 044 – 28140801 to 28140803
Fax : 044 – 28142479
Email: yesbalu@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 in one folio.

6. 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, TamilNadu-I, Chennai, No.26, Haddows Road, Chennai 600 006, in the prescribed form which will be supplied by the Company on request.
7. The shareholders may note that the final dividend for the financial year ended 31st March 1996 and all dividends declared thereafter, 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 year ended 31st March 1996 or any subsequent financial year(s) are requested to make their claim to the Registered Office of the Company. It may also 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. The interim dividend for the financial year ended 31st March 1996 which was unclaimed and unpaid has been transferred to Investor Education and Protection Fund, on 14.05.2003.
8. 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.
9. 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.

(BY ORDER OF THE BOARD)
for THE INDIA CEMENTS LIMITED

Place: Chennai
Date : 1st July 2003

G BALAKRISHNAN
COMPANY SECRETARY



PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES, FOLLOWING INFORMATION ARE FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED / REAPPOINTED, VIDE ITEMS NO. 2, 3 & 5 OF THE NOTICE DATED 1ST JULY 2003.

Name of Director	Mr. N .Sankar	Mr. B.S.Adityan	Mr.N.D.Pinge
Date of Birth	19 th November 1945	24 th September 1936	1 st October 1958
Date of appointment on the Board as Director	15 th September 1989	7 th March 1967	29 th January 2003
Date of last reappointment as Director	25 th September 2000	25 th September 2000	Not Applicable
Expertise in specific functional areas	Industry	Industry	Banking
Qualification	M.S.(Chemical Engg.)	Bachelor of Arts	Bachelor of Commerce & Chartered Accountant
List of outside Directorships held	1. Chemplast Sanmar Limited 2. Sanmar Engineering Corporation Limited 3. Flowserve Sanmar Limited 4. BS & B Safety Systems (India) Limited 5. Sanmar Speciality Chemicals Limited 6. Sanmar Shipping Limited 7. AMP Sanmar Assurance Company Limited 8. Dragoco India Limited 9. Cabot Sanmar Limited 10. Sanmar Properties & Investments Limited 11. Sanmar Holdings Limited 12. Fuller India Limited 13. IL&FS Asset Management Company Limited	1. Sun Paper Mill Ltd. 2. India Cements Capital & Finance Ltd. 3. Aruna Sunrise Hotels Ltd. 4. MIOT Hospitals Ltd.	Nominee Director : 1. Jindal Vijaynagar Steel Co. Ltd. 2. Jindal Thermal Power Co. Ltd. 3. Videocon International Ltd. 4. SWIL Ltd. 5. Prudential ICICI AMC Trust Ltd.
Chairman / Member of the Committees of Board of Directors of the Company	Shareholders'/Investors' Grievance Committee - Chairman Remuneration Committee - Chairman	Audit Committee - Chairman Shareholders'/Investors' Grievance Committee - Member Remuneration Committee - Member	Audit Committee - Member

Chairman / Member of the Committees of Director of other Companies in which he is a Director	1. Cabot Sanmar Ltd Audit Committee – Chairman	1. Aruna Sunrise Hotels Ltd Audit Committee – Member 2. India Cements Capital & Finance Ltd. Audit Committee - Member	1. Jindal Vijaynagar Steel Co. Ltd. Audit Committee – Member Investor Grievances Committee - Member 2. Jindal Thermal Power Co. Ltd Audit Committee - Member 3. SWIL Limited Audit Committee - Member
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EXPLANATORY STATEMENT ANNEXED TO THE NOTICE OF THE FIFTY SEVENTH ANNUAL GENERAL MEETING OF THE COMPANY IN RESPECT OF ITEM NO. 5 OF THE NOTICE DATED 1ST JULY 2003.

Mr.N.D.Pinge was appointed as a Director of the Company by the Board on 29th January 2003 on his nomination by ICICI Bank Ltd. Mr.N.D.Pinge will hold office upto the date of fiftyseventh Annual General Meeting. Notice in writing under section 257 of the Companies Act, 1956 has been received along with the necessary deposit from a member signifying his intention to propose the appointment of Mr.N.D.Pinge as Director at the fiftyseventh Annual General Meeting. Mr.N.D.Pinge is a General Manager of ICICI Bank Ltd. This ordinary resolution is submitted to the meeting for approval.

Interest of Directors:

Mr.N.D.Pinge is interested in the resolution as it concerns his appointment. No other Director is directly or indirectly concerned or interested in this resolution.

(BY ORDER OF THE BOARD)
for THE INDIA CEMENTS LIMITED

Place: Chennai
Date : 1st July 2003

G BALAKRISHNAN
COMPANY SECRETARY



TEN YEARS IN BRIEF

YEAR ENDED

		1994	1995
Sales & Earnings			
1. Sales and other Income	Rs./Lakhs	54997	62908
2. Profit/(Loss) before tax	Rs./Lakhs	1848	4728
3. Cash Generated (internally)	Rs./Lakhs	4223	7211
Assets			
4. Fixed Assets (Net)	Rs./Lakhs	25936	35068
5. Capital Investments	Rs./Lakhs	1390	11609
6. Current Assets	Rs./Lakhs	15961	18779
7. Loans and Advances	Rs./Lakhs	4363	4987
Capital & Reserves			
8. Share Capital	Rs./Lakhs	2481	3067
9. Reserves and surplus	Rs./Lakhs	12047	29783
10. Shareholders' Fund	Rs./Lakhs	14528	32850
Net Worth, EPS & Dividend			
11. Net worth per equity share	(Rs.)	58.55	107.10
12. Earnings per equity share	(Rs.)	8.08	17.22
13. Equity Dividend	(%)	25	40

Figures exclude revaluation reserve/deferred revenue expenditure

-FINANCIAL INFORMATION
31st MARCH

1996	1997	1998	1999	2000	2001	2002	2003
80644	83250	92731	139184	141966	145137	131325	103300
8090	8258	6276	8704	4731	5115	(757)	(30723)
11737	12661	11287	15669	12120	13416	7994	(22582)
55970	78527	100499	145187	150202	149109	142562	134458
21899	26033	31496	57685	12471	7437	2461	405
19626	22536	25745	29194	36093	37911	43572	28415
9559	12110	38097	53659	76733	102704	97769	103167
6434	6434	6434	12500	16339	16348	16359	16359
35389	40225	42291	50515	57951	60251	42778	23795
41823	46659	48725	63015	74290	76599	59137	40154
65.00	72.52	75.73	50.91	52.20	53.88	41.18	27.38
22.79	12.83	9.06	12.57	3.33	3.25	(0.06)	(14.53)
45	30	30	35	18	18	-	-



DIRECTORS' REPORT

Your Directors have pleasure in presenting their **fiftyseventh Annual Report** together with audited accounts for the year ended 31st March 2003.

	Rs. in Crores For the year ended 31 st March	
	2003	2002
FINANCIAL RESULTS		
Income from Operations	26.65	160.71
Add: Other Income	6.07	124.68*
Profit before Interest & Depreciation	32.72	285.39
Less: Interest & Other charges	258.54	205.44
Less: Depreciation	81.39	87.47
Profit/ (loss) Before Tax	(307.21)	(7.52)
Provision for Income Tax	-	-
Prior Year Expenses	(0.02)	(0.04)
Deferred Taxation – Asset	114.06	6.75
Profit/(loss) after Tax	(193.17)	(0.81)
Balance brought forward from last year	24.88	27.50
Income Tax of previous years of Raasi Cement Ltd	(8.20)	
Transfer to Contingency Reserve	(40.00)	
Surplus available for appropriation	(216.49)	26.69
Provision for diminution in value of investments	-	(1.81)
Balance carried in Profit & loss a/c	(216.49)	24.88

* Includes extraordinary income by way of profit on sale of investments: Rs.118.89 Crores

DIRECTORS' RESPONSIBILITY STATEMENT

Your 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, 2003 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 at the financial year ended 31st March, 2003 and of the loss of the Company for that year.
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 2003 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.

SHARE CAPITAL

The equity shares of the Company are amenable to two way fungibility. Two way fungibility allows conversion of Global Depository Receipts into local shares and reconversion of the same shares into Depository Receipts as per the guidelines issued by Reserve Bank of India. The first transaction in Stock Exchanges of any Indian Company's shares for conversion into Global Depository Receipts took place on 6th August, 2002 upon purchase of the equity shares of your company in the country's stock market.

DIVIDEND

In view of the loss incurred during the year, the Board of Directors do not recommend any dividend on preference and equity shares.

OPERATIONS

This is covered in the Management Discussion and Analysis report enclosed.

SUBSIDIARIES

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts alongwith the report of the Board of Directors in respect of your company's subsidiaries, as on 31.3.2003, namely Industrial Chemicals & Monomers Ltd., ICL Financial Services Ltd., ICL Securities Ltd. and ICL International Ltd., and the respective Auditors' Report thereon for the year ended 31st March, 2003 are attached.

CONSOLIDATED FINANCIAL STATEMENTS

As prescribed by Accounting Standard 21 issued by the Institute of Chartered Accountants of India, the audited consolidated financial statements of ICL Group are annexed.

ASSOCIATE COMPANIES

VISAKA CEMENT INDUSTRY LIMITED

The performance of the Cement Plant of Visaka Cement Industry Limited at Tandur was satisfactory considering sluggish market conditions, with the plant achieving a capacity utilisation of 70% during the period of 11 months ending 31st May, 2003. The plant produced 6.80 Lakh Ts of clinker and 7.23 Lakh Ts of cement during the period while cement sales were 7.24 lakh tonnes. High levels of efficiency (thermal) and lean manpower are the unique features of this plant. With the pick up of demand in the main markets of Maharashtra and Andhra Pradesh, the performance is expected to improve further during the current year.

Visaka Cement Industry Limited (Visaka) has suffered cash losses due to adverse market conditions resulting in severe stress on the cash flows. Visaka approached the lenders for restructuring of the debts. The proposal was referred to the Corporate Debt Restructuring Cell under a system evolved by Reserve Bank of India. The CDR Cell has approved the restructuring package and the salient features of the same are as under:

1. The effective date for the package has been fixed as October 1, 2002.
2. Liquidated damages and Penal Interest as on cut off date are to be waived.
3. All the term loans will be repayable in 22 quarterly instalments from January 1, 2005.
4. Interest dues as on the cut off date and interest on the term loans upto December 2003 to be funded. The funded interest will carry interest as applicable to the term loans and is to be repaid in 14 quarterly instalments from January 1, 2005.
5. Interest rate for Rupee Loan reduced to 14% p.a. or MTLR adjusted rate, whichever is lower. If MTLR adjusted rate is higher than 14%, interest differential to be recovered in four quarterly instalments commencing from July 1, 2009 at 14% p.a. from the due date till repayment
6. For foreign currency loan, the existing interest rate is to continue till it becomes rupee tied and thereafter at the rate applicable to rupee loan.

All the term lenders of Visaka are members of the Corporate Debt Restructuring Mechanism formulated by the Reserve Bank of India. The restructuring package can therefore be implemented without impediments.

ICL SUGARS LIMITED

The performance of the company improved substantially during the year under review with cane crushing increasing to 6.05 Lakh Ts from 5.35 Lakh Ts in the previous financial year. The recovery of Sugar also had gone up to 10.23% against 9.63% in the previous financial year. The production of Sugar