



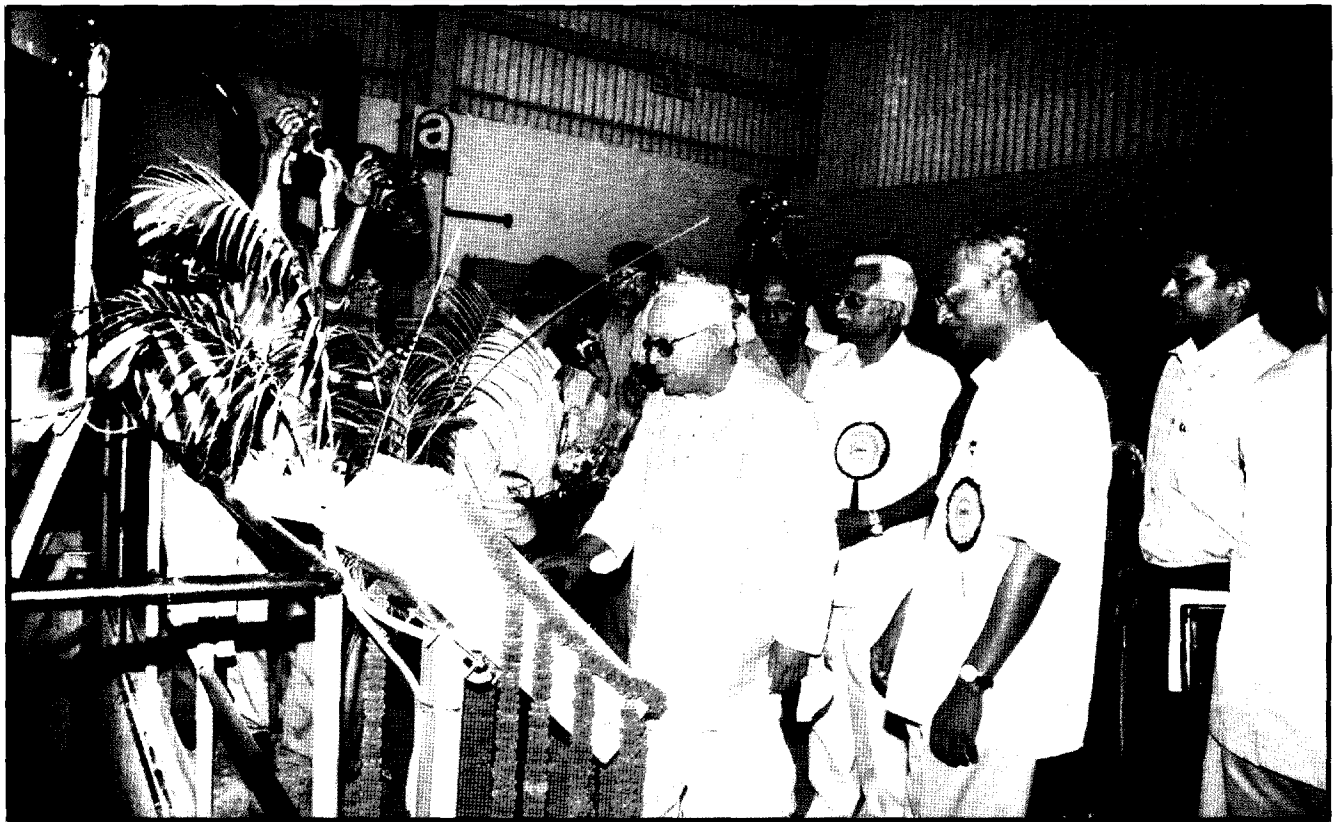
Ramco Industries Limited

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ANNUAL REPORT 2004 - 2005



Photographs taken on the occasion of inauguration of Fibre Cement Sheet Plant and laying of the foundation stone for the Cement Clinker Grinding Project at Kharagpur, by Shri Buddhadeb Bhattacharjee, the Hon'ble Chief Minister of West Bengal, flanked by our Chairman and Shri Nirupam Sen, Hon'ble Minister for Industries and Commerce, Government of West Bengal.



RAMCO INDUSTRIES LIMITED
Fortieth Annual Report - 2004-05


Board of Directors

Shri P.R. Ramasubrahmaneya Rajha, B.Sc.
Chairman

Shri P.R. Venketrama Raja, B.Tech., MBA
Vice-Chairman & Managing Director

Shri S. Arjuna Raja

Shri S.S. Ramachandra Raja, B.Sc.

Shri K.T. Ramachandran, B.E.

Shri N.K. Shrikantan Raja, B.Com.

Shri M.G. Balasubramanian, I.A.S. (Retd.)

Shri R. Nagarajan, B.Com.(Hons), CAIIB

Bankers

State Bank of India

HDFC Bank Limited

The Karur Vysya Bank Limited

IDBI Bank Limited

Tamilnad Mercantile Bank Limited

Auditors

M/s. M.S. Jagannathan & N. Krishnaswami

Chartered Accountants

31, Premier Flats, Karur Bypass Road

TIRUCHIRAPALLI – 620 002, Tamil Nadu

M/s. CNGSN & Associates

Chartered Accountants

20, Raja Street, T. Nagar

CHENNAI – 600 017, Tamil Nadu

Registered Office

47, P.S.K. Nagar
RAJAPALAIYAM – 626 108
Tamil Nadu

Corporate Office

“Auras Corporate Centre”, VI Floor
98-A, Dr. Radhakrishnan Road
Mylapore, CHENNAI – 600 004
Tamil Nadu

Factories
I. Building Products Division

Arakkonam, Tamil Nadu

Karur, Karnataka

Maksi, Madhya Pradesh

Silvassa, U.T of Dadra & Nagar Haveli

Kharagpur, West Bengal

Vijayawada, Andhra Pradesh

II. Textile Division (Cotton Yarn - 100% EOU)

Rajapalaiyam, Tamil Nadu

Subsidiary Companies

Sudharsanam Investments Limited, India

Sri Ramco Lanka (Private) Limited, Sri Lanka

Contents
Page No.

Financial Highlights	2
Notice to Shareholders	3 - 6
Directors' Report	7 - 14
Corporate Governance Report	15 - 18
Shareholders' Information	19 - 22
Auditors' Report and Financial Statements of Ramco Industries Limited	23 - 43
Auditors' Report and Consolidated Financial Statements of Ramco Industries Limited and Subsidiaries	44 - 56

RAMCO INDUSTRIES LIMITED



Rs. in lakhs

FINANCIAL HIGHLIGHTS	2000-01	2001-02	2002-03	2003-04	2004-05
Earnings					
Sales & Other Income	14986	14618	15364	17271	20854
Operating Profit	3324	2894	3476	5072	5881
Cash Generation	2376	2105	2869	4768	5141
Net Profit (PAT)	1647	1403	1860	2419	2884
Assets Employed					
Net Fixed Assets	5423	5314	7231	9468	10670
Investments	9272	11246	12670	15824	16023
Net Current Assets	6545	5074	3731	3657	4143
TOTAL	21240	21634	23632	28949	30836
Financed By:					
A. Shareholders' Funds					
a. Equity Shareholders' investment	100	100	100	100	100
b. Bonus Shares	333	333	333	333	333
Reserves and Surplus	11555	11800	13322	15377	17785
Deferred Tax Liability		961	1201	1782	1807
Total Shareholders' funds (A)	11988	13194	14956	17592	20025
B. Borrowed Funds					
Short Term Borrowings	1941	2476	1467	5882	4005
Term Loans	7226	5964	7209	5675	6806
Sales Tax Deferral	85				
Total Borrowings (B)	9252	8440	8676	11357	10811
TOTAL (A) + (B)	21240	21634	23632	28949	30836
Book Value per Share (Rs.)	277	283	319	366	421
Earnings Per Share (Rs.)	38	32	43	56	67
Dividend %	50	55	60	75	100
Dividend Payout %	13	17	14	13	15
P/E Ratio as at 31st March	4.21	3.59	3.16	5.36	10.75
Operating Profit Ratio %	22.18	19.80	22.62	29.37	28.20
Gross Fixed Assets per share (Rs.)	221	225	278	351	407
Market Price of Share (Rs.)					
a. As on 31st March	160	115	136	300	720
b. high	490	168	203	407	758
c. low	145	88	96	120	250
Market Capitalisation (Rs. in lacs)	6933	4983	5893	12999	31199
Debt - Equity Ratio	0.77	0.69	0.63	0.72	0.59
Current Ratio	2.26	1.48	1.16	1.09	1.32

RAMCO INDUSTRIES LIMITED



Regd. Office : 47, P.S.K. Nagar, Rajapalaiyam – 626 108

NOTICE TO THE MEMBERS

Notice is hereby given that the Fortieth Annual General Meeting of the Members of the Company will be held on Wednesday the 10th August, 2005 at 11.30 a.m. at Shri P.A.C.R. Centenary Community Hall, Sudharsan Gardens, P.A.C.R. Salai, Rajapalaiyam – 626 108 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31.03.2005, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend for the year 2004-05.
3. To appoint a Director in the place of Shri P.R. Ramasubrahmaneya Rajha who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Shri R. Nagarajan who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Shri S. Arjuna Raja who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold Office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

In this connection, to consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

“RESOLVED that M/s . M.S. Jagannathan & N. Krishnaswami, Chartered Accountants and M/s. CNGSN & Associates, Chartered Accountants be and are hereby jointly appointed as Auditors of the Company to hold Office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration of Rs.1,00,000/- (Rupees One lakh only) each, exclusive of Service Tax and Out-of-pocket expenses.”

SPECIAL BUSINESS:

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

“ RESOLVED that pursuant to the applicable provisions of the Companies Act, 1956 and the Listing Agreement entered into with the Stock Exchanges, the approval of the Members be and is hereby given for payment of Sitting Fees of Rs.15,000/- from 1.1.2006 also, to the Directors for attending the Meetings of the Board of Directors, the Audit Committee, Investors' Grievances Committee and the Remuneration Committee and any other Committee as may be constituted by the Board of Directors.

RESOLVED FURTHER that the approval of the Members be given for payment of Sitting Fees of Rs.2,500/- from 1.1.2006 also, to the Directors for attending the Meetings of the Share Transfer Committee .

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to vary the amount of Sitting Fees payable to the Directors for attending the Meetings of the Board of Directors and any of the Committees constituted, within such maximum permissible limit as may be prescribed under the Companies Act, 1956, Rules made and Notifications issued thereunder from time to time”.

By Order of the Board
For RAMCO INDUSTRIES LIMITED
P.R. RAMASUBRAHMANEYA RAJHA
CHAIRMAN

Chennai
June 23, 2005

RAMCO INDUSTRIES LIMITED

**NOTES :**

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No: 7 of the Notice is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company.
3. Proxy form is enclosed. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
4. The Register of Members / Share Transfer books of the Company will remain closed from 3.8.2005 to 10.8.2005 (both days inclusive).
5. Under the provisions of Section 205-C of the Companies Act, 1956 dividends remaining unclaimed for a period of over 7 years will have to be transferred to the Investor Education & Protection Fund (IEPF) of the Central Government. Thereafter no claim shall lie against the Fund or the Company and no payment will be made in respect of any such claims. Accordingly, Dividends declared for 1996-97 but not claimed, were remitted / deposited into IEPF on 6th October 2004. Hence, the Members who have not claimed their dividends relating to the earlier years (ie. from 1997-98 onwards) may write to the Company for claiming the amount before it is so transferred to the Fund. The details of due dates for transfer of such unclaimed dividend to the said Fund is given below:

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEP FUND
31.03.1998	03.09.1998	02.09.2005	01.10.2005
31.03.1999	28.07.1999	27.07.2006	25.08.2006
31.03.2000	09.08.2000	08.08.2007	06.09.2007
31.03.2001	01.08.2001	31.07.2008	29.08.2008
31.03.2002	07.08.2002	06.08.2009	04.09.2009
31.03.2003	11.08.2003	10.08.2010	09.09.2010
<u>31.03.2004</u>			
Interim Dividend	25.10.2003	24.10.2010	22.11.2010
Final Dividend	28.07.2004	27.07.2011	25.08.2011



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO: 7

Article 9 of the Articles of Association of the Company entitles every Director to receive such Sitting Fees as may be fixed by the Board of Directors subject to the limits and provisions prescribed under the Companies Act, 1956 and the Rules / amendments made there under from time to time for every Meeting of the Board of Directors or of its Committee attended by him. He is also entitled to receive reasonable travelling and other expenses incurred by him for attending such Meetings.

With effect from 10.12.2003, the Company has been paying to the Directors other than the Managing Director, Sitting Fees of Rs.15,000/- per Meeting of the Board of Directors, the Audit Committee, Investors' Grievances Committee and the Remuneration Committee. For each of the Share Transfer Committee Meetings, Sitting Fees of Rs.2,500/- is being paid. The above Sitting Fees being paid are within the limits prescribed by the Department of Company Affairs.

Clause 49 of the Listing Agreement with the Stock Exchanges (pertaining to Corporate Governance) is proposed to be amended with effect from 01.01.2006 and the amended provisions require that all Fees / Compensation paid to Non-Executive Directors to be fixed by the Board of Directors shall require previous approval of the Shareholders in General Meeting.

Therefore, approval of the Members is accordingly requested for payment of Sitting Fees as aforesaid and to empower the Board of Directors to vary from time to time the Sitting Fees within such maximum permissible limit as may be prescribed by the Statutory Authorities. Any such variation in the Sitting Fees will be intimated to the Members through the subsequent Annual Reports.

All the Directors, except Shri P.R. Venketrama Raja, Vice-Chairman and Managing Director, are deemed to be interested in this Resolution.

By Order of the Board
For RAMCO INDUSTRIES LIMITED
P.R.RAMASUBRAHMANEYA RAJHA
CHAIRMAN

Chennai
June 23, 2005

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING:-

Following is the biographical data about the Directors seeking re-election:-

1. Shri P.R. Ramasubrahmaneya Rajha

Shri P.R. Ramasubrahmaneya Rajha, aged 70 Years, is a leading Industrialist, heading the RAMCO Group of Companies, having a turnover of over Rs.1,500 Crores, as Chairman. The Ramco Group has interests in the businesses of Cotton Yarn, Cement, Fibre Cement Products, Software and Bio-Technology. Under the leadership of Shri P.R. Ramasubrahmaneya Rajha, the Ramco Group has increased its turnover manifold to become one of India's most respected Industrial Groups, achieving international recognition for its quality products and services.

Shri P.R. Ramasubrahmaneya Rajha has been on the Board of Ramco Industries Limited since inception and is a Director on the Board of the following Companies:

1. Madras Cements Limited
2. The Ramaraju Surgical Cotton Mills Limited
3. Rajapalayam Mills Limited
4. Ramco Systems Limited
5. Thanjavur Spinning Mill Limited



6. Sri Vishnu Shankar Mill Limited
7. Madras Chipboard Limited
8. Sandhya Spinning Mill Limited
9. Sudharsanam Investments Limited
10. Ramco Infotech Solutions Limited
11. Ramco Systems Corporation, USA
12. Sri Ramco Lanka (Private) Limited, Sri Lanka
13. Sri Sandhya Farms (India) Private Limited
14. Ramamandiram Agricultural Estate Private Limited
15. Nalina Agricultural Farms Private Limited
16. Sri Saradha Deepa Farms Private Limited
17. Nirmala Shankar Farms & Estates Private Limited
18. RCDC Securities and Investments Private Limited
19. Sri Nithyalakshmi Farms Private Limited
20. Ram Sandhya Farms Private Limited
21. Pushpanjali Industries (P) Limited
22. Ramco Private Limited
23. Ramco Agencies Private Limited
24. Ramco Management Private Limited
25. Rajapalayam Trading & Finance Private Limited

Shri P.R. Ramasubrahmaneya Rajha is the father of Shri P.R. Venketrama Raja, Vice-Chairman and Managing Director of the Company.

2. Shri R. Nagarajan :

Shri R. Nagarajan, aged 66 Years, is a B.Com (Hons) Graduate and a Certified Associate of the Indian Institute of Bankers (CAIIB). He is an eminent Banker, having retired as Chief General Manager of State Bank of India. Prior to his retirement, he had held various important positions in State Bank of India including as General Manager (Operations), North Eastern Circle, Guwahati; Vice-Principal, State Bank Staff College, Hyderabad and as Whole-Time Finance Director in ACC Babcock Ltd., on deputation from the Bank.

He has been on the Board of Ramco Industries Limited since 30.03.2001 as a Non-Executive Independent Director. He is also a Member of the Audit Committee of the Board of Directors of the Company. He is also a Director in the following Companies:

- a. Madras Cements Limited
- b. SSI Limited
- c. Dandapani Finance Limited
- d. Aptech Limited
- e. Lattice Bridge Infotech Private Limited
- f. Excel Audit & Management Support Services (P) Limited

3. Shri S. Arjuna Raja:

Shri S. Arjuna Raja, aged 87 Years, was first appointed as a Director of Ramco Industries Limited in 1965. He has been associated with the Company right from inception and continues to render valuable counsel / services to the Company. He is a Member in the Share Transfer Committee, Investors' Grievances Committee and the Remuneration Committee of the Board of Directors of the Company.

He is also a Director in M/s. Thanjavur Spinning Mill Limited and M/s. Sudharsanam Investments Limited.



DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Fortieth Annual Report together with the Audited Accounts of the Company for the year ended 31.03.2005.

	For the Year ended 31.03.2005	For the Year ended 31.03.2004
	Rs.	Rs.
FINANCIAL RESULTS		
Operating Profit : Profit Before Interest, Depreciation and Tax(PBIDT)	58,80,88,120	50,72,86,937
Less : Interest	7,39,72,637	3,04,36,092
Profit Before Depreciation and Tax (PBDT)	51,41,15,483	47,68,50,845
Less : Depreciation	13,22,51,043	9,61,39,492
Profit Before Tax (PBT)	38,18,64,440	38,07,11,353
Less: Provision for Taxation - Current	9,10,00,000	8,07,00,000
- Deferred	25,00,000	5,81,00,000
Profit after Tax (PAT)	28,83,64,440	24,19,11,353
Add : Surplus in Profit and Loss Account Brought forward	3,20,17,230	2,67,68,414
Surplus for appropriation	32,03,81,670	26,86,79,767
<i>Appropriations :</i>		
Transfer to General Reserve	23,00,00,000	20,00,00,000
1 st Interim Dividend - 30% (P.Y. 25%)	1,29,99,459	1,08,32,883
2 nd Interim Dividend - 30% (P.Y. NIL)	1,29,99,459	-
Final Dividend - 40% (P.Y. 50%)	1,73,32,612	2,16,65,765
Tax on Dividends	58,84,153	41,63,889
Balance carried over to Balance Sheet	4,11,65,987	3,20,17,230
TOTAL	32,03,81,670	26,86,79,767

DIVIDEND

Your Directors have recommended a final dividend at the rate of Rs.4/- per Share (i.e. 40%) on the Paid-up Equity Share Capital of the Company. Together with the two Interim Dividends each at the rate of Rs. 3/- per Share (i.e. 30%) paid in September 2004 and February 2005, the Total Dividend for the whole year 2004-05 is Rs.10/- per share (i.e. 100%).

The Final Dividend when declared at the ensuing 40th Annual General Meeting, will be paid to the members whose names appear in the Register of Members of the Company/Statements of beneficial ownership maintained by the Depositories, as at the close of business hours on 2nd August, 2005.

As per the existing provisions of Income-tax Act, Dividends are free of taxation in the hands of the shareholders.

TAXATION

An amount of Rs.935 lakhs has been provided for taxation. Of this, a provision of Rs.910 lakhs has been made towards current taxation as per Income-tax Act, 1961 which represents cash outgo from the Company. The balance provision of Rs.25 lakhs is towards deferred tax liability created in accordance with the Accounting Standard 22 issued by the Institute of Chartered Accountants of India.

RAMCO INDUSTRIES LIMITED

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT :****REVIEW OF OPERATIONS AND CURRENT TRENDS****A. BUILDING PRODUCTS DIVISION :**

PRODUCT	PRODUCTION (M.T.) Year Ended		SALES (M.T.) Year Ended	
	31.03.2005	31.03.2004	31.03.2005	31.03.2004
Fibre Cement Sheets and Accessories	3,03,312	2,44,280	2,98,483	2,40,472
Fibre Cement Pressure Pipes	—	—	—	—
Calcium Silicate Boards	4,601	694	1,391	12

(a) Fibre Cement Sheets :

The Net Production and Sales of the Fibre Cement Products of the Company for the year ended 31.03.2005 were as under :-

The Production for the year 2004-05 increased by 59,032 M.T. showing a growth of 24.17% over the previous year. The Sales during the year increased by 58,011 M.T. registering a growth of 24.12%. The increase in Production and Sales was due to encouraging growth in demand and penetration into new markets with increased capacity creation.

During the year under review, there was moderate improvement in the selling prices of Fibre Cement Sheets (FC Sheets). Cost of raw material consumption and other overheads were kept in control.

(b) Fibre Cement Pressure Pipes :

In the Pressure Pipe Division, the Production facility of which is under license to M/s. Kanoria Sugar and General Manufacturing Company Limited, an amount of Rs.34.24 lakhs has been received as Licence Fee during the year under review (previous year - Rs.58.52 lakhs). The reduction in Licence Fee is attributable to lower volume of production due to slackness in demand.

(c) Calcium Silicate Boards :

During the year 2004-05, progress has been made in achieving stability in the production of Calcium Silicate Boards as 4,601 M.T. were produced and out of which 1,391 M.T. were sold. The Turnover for the year was Rs.238 lakhs.

During the year under review, steps are taken for aggressive promotion and marketing of Calcium Silicate Boards with the strengthening of the Marketing team and also by expanding the Sales and Distribution networks. The Company continues its efforts in expanding contacts with leading Builders and Architects so as to ensure wider acceptability of the product.

During the current year, the Production and Sales of Calcium Silicate Boards are expected to show improvement.

Future Trends :

During the current year 2005-06 also, the selling prices of FC Sheets are expected to be under pressure due to severe competition. However, the Company continues to take steps for increasing the volume of Production and Sales. Continuous cost reduction measures are also being pursued to further improve the profitability.