



Ramco Industries Limited

ANNUAL REPORT 2010 - 2011



On February 12, 2011, our Chairman, Shri P.R. Ramasubrahmaneya Rajha was awarded the title "Pride of South Tamil Nadu - 2010" by Honourable Union Minister for Home Affairs, Shri P. Chidambaram, under the aegis of Velammal Educational Trust, Madurai.



Our Vice-Chairman & Managing Director Shri P.R. Venketrama Raja addressing the gathering on the inauguration of the new Fibre Cement Sheet Project at Mathugama, Sri Lanka.



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.S. Ramachandra Raja, B.Sc.

Shri K.T. Ramachandran, B.E.

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

Dr. A. Ramakrishna, B.E., M.Sc.

Shri R. S. Agarwal, B.Sc., B.E.

Registered Office

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

Corporate Office

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

Website : www.ramcoindltd.com
www.ramcohilux.com

Factories

I. Building Products Division

- Arakkonam**, Tamil Nadu
- Bihiya**, Bihar
- Gangaikondan**, Tamil Nadu
- Karur**, Karnataka
- Kharagpur**, West Bengal
- Maksi**, Madhya Pradesh
- Sinugra**, Gujarat
- Silvassa**, Union Territory of Dadra & Nagar Haveli
- Vijayawada**, Andhra Pradesh

II. Textile Division (Cotton Yarn)

Sri Ramco Spinners, **Rajapalayam**, Tamil Nadu

Subsidiary Companies

Sudharsanam Investments Limited, India
Sri Ramco Lanka (Private) Limited, Sri Lanka
Sri Ramco Roofings Lanka Private Limited, Sri Lanka

Bankers

- Canara Bank
- HDFC Bank Limited
- DBS Bank Limited
- IDBI Bank Limited
- Indian Bank
- Kotak Mahindra Bank Limited
- State Bank of India
- State Bank of Mauritius Limited
- Tamilnad Mercantile Bank Limited
- The Karur Vysya Bank Limited

Auditors

M/s. M.S. Jagannathan & N. Krishnaswami
Chartered Accountants
Unit - 5, Ground Floor, Abirami Apartments,
No.14, V.O.C. Road, Cantonment,
TIRUCHIRAPALLI – 620 001, Tamil Nadu

M/s. CNGSN & Associates
Chartered Accountants
20, Raja Street, T. Nagar
CHENNAI – 600 017, Tamil Nadu

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Rs. in lakhs

FINANCIAL HIGHLIGHTS	2006-07	2007-08	2008-09	#2009-10	2010-11
Earnings					
Sales & Other Income	38011	40268	47069	54297	57788
Operating Profit	7702	8461	10227	11876	11862
Cash Generation	6108	6512	7701	9754	9859
Net Profit (PAT)	2432	2548	3565	5359	5321
Assets Employed					
Net Fixed Assets	20109	24946	23513	24335	25577
Investments	19283	19283	20262	20262	20262
Net Current Assets	8463	9984	12832	15711	17776
TOTAL	47855	54213	56607	60308	63615
Financed By:					
A. Shareholders' Funds					
Equity Shareholders' original investment	100	100	100	100	100
Bonus Shares	333	333	333	767	767
Reserves and Surplus	22069	24161	27315	32037	36505
Deferred Tax Liability	2802	3214	2939	2638	2408
Total Shareholders' Funds (A)	25304	27808	30687	35542	39780
B. Borrowed Funds					
Short Term Borrowings including working capital	11517	8336	9776	11854	7429
Term Loans	11034	18069	16144	12912	16406
Total Borrowings (B)	22551	26405	25920	24766	23835
TOTAL (A) + (B)	47855	54213	56607	60308	63615
Book Value per Share (Rs.)	519	568	640	37.97	43.12
Earnings Per Share (Rs.)	56	59	82	6.18	6.14
Dividend %	150	150	150	85	90
Dividend Payout %	27	26	18	13.74	14.66
Operating Profit Ratio %	20.26	21.01	21.73	21.87	20.53
Gross Fixed Assets per Share (Rs.)	724	900	938	51.04	55.80
Debt - Equity Ratio	1.00	1.07	0.93	0.75	0.64
Current Ratio	0.80	1.12	1.18	1.20	1.66
Market Price of Share (Rs.)					
a. As on 31st March* (Close)	779	733	375	57.40	45.95
b. high**	1900	1740	925	73.30	83.35
c. low**	632	545	346	48.60	41.60
P/E Ratio as at 31st March [®]	13.91	12.42	4.56	9.27	7.48
Market Capitalisation [®] (Rs. in lakhs)	33755	31762	16249	49744	398.22

* NSE Quotations.

** High & Low prices during the year ended 31st March at NSE.

[®] Based on the market price as on 31st March at NSE.

From 2009-10, Figures relating to Shares are after Stock-Split (F.V. of each Share: Re.1/- w.e.f. 16-9-2009). and 1:1 Bonus Issue
Figures have been regrouped for comparison purposes.

NOTICE TO THE MEMBERS

Notice is hereby given that the 46th Annual General Meeting of the Company will be held at 11.00 A.M. on Wednesday, the 10th August, 2011 at P.A.C.R. Centenary Community Hall, Sudharsan Gardens, P.A.C. Ramasamy Raja Salai, [Rajapalayam - 626 108](#) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March 2011 and the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend for the year 2010-11.
3. To appoint a Director in the place of Shri N.K. Shrikantan Raja, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Shri S.S. Ramachandra Raja who retires by rotation and is eligible for re-appointment.
5. 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 the Auditors of the Company to hold Office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting on a remuneration of Rs. 3,50,000/- (Rupees Three Lakhs Fifty thousand only) each, exclusive of out-of-pocket expenses.”

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

Place: Chennai

Date : May 25, 2011

NOTES

- (i) 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.
- (ii) 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.
- (iii) The Register of Members and the Share Transfer Books of the Company will remain closed from 04.08.2011 to 10.08.2011 (both days inclusive).
- (iv) The Final Dividend, on declaration, will be paid in respect of Shares held in physical form to the Shareholders whose names appear in the Register of Members as on 10.08.2011 and in respect of Shares held in electronic form to the Beneficial Owners whose names appear in the list furnished by the Depositories for this purpose as on 03.08.2011.
- (v) The Securities and Exchange Board of India has made it mandatory for all Companies to use the Bank Account details furnished by the Depositories for depositing the Dividends through National Electronic Clearing Service (NECS) to the Investors wherever NECS facility / Bank details are available. In the absence of NECS facilities, the Company will print the Bank Account details, if available, on the payment instrument for distribution of Dividend.
- (vi) Under the provisions of Section 205 C of the Companies Act, 1956, Dividends remaining unpaid for a period of over 7 years will be transferred to the Investors' 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. Hence, the members who have not en-cashed/ claimed their Dividends relating to the Financial Year 2003 – 04 and thereafter may write to the Company for claiming the amount before it is so transferred to the IEPF. The details of due dates for transfer of such Un-claimed Dividends to the said Fund are given below:

Dividend for the Financial Year Ended	Date of Declaration of Dividend	Last Date for claiming the Dividend Amount	Due Date for transfer to IEP Fund
31.03.2004	28.07.2004	27.07.2011	25.08.2011
31.03.2005 I Interim Dividend II Interim Dividend Final Dividend	25.08.2004 28.01.2005 10.08.2005	24.08.2011 27.01.2012 09.08.2012	22.09.2011 25.02.2012 07.09.2012
31.03.2006 I Interim Dividend II Interim Dividend Final Dividend	29.10.2005 30.01.2006 27.07.2006	28.10.2012 29.01.2013 26.07.2013	26.11.2012 27.02.2013 24.08.2013
31.03.2007 I Interim Dividend II Interim Dividend Final Dividend	30.10.2006 30.01.2007 27.07.2007	29.10.2013 29.01.2014 26.07.2014	27.11.2013 27.02.2014 24.08.2014
31.03.2008 I Interim Dividend II Interim Dividend Final Dividend	23.10.2007 31.01.2008 11.08.2008	22.10.2014 30.01.2015 10.08.2015	20.11.2014 28.02.2015 08.09.2015
31.03.2009 I Interim Dividend II Interim Dividend Final Dividend	23.10.2008 29.01.2009 05.08.2009	22.10.2015 28.01.2016 04.08.2016	20.11.2015 26.02.2016 02.09.2016
31.03.2010 Interim Dividend Final Dividend	27.10.2009 02.08.2010	26.10.2016 01.08.2017	24.11.2016 30.08.2017

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

1. Shri N.K. SHRIKANTAN RAJA:

Shri N.K. Shrikantan Raja, aged 63 years, is a Commerce graduate. He was first appointed as a Director of the Company in 1986. He continues to be a Director in the Board extending valuable guidance. He is also a Director in the following Companies:

1. The Ramaraju Surgical Cotton Mills Limited
2. Sri Yennarkay Services Limited
3. Ramco Systems Limited
4. Sandhya Spinning Mill Limited
5. Sudharsanam Investments Limited
6. Sri Vishnu Shankar Mill Limited
7. Sri Harini Textiles Limited

8. N.R.K. Construction Systems Private Limited

9. N.R.K. Infra System Private Limited

He holds in his name, 1,20,140 Shares in the Company.

2. SHRI S.S. RAMACHANDRA RAJA:

Shri S.S. Ramachandra Raja, aged 75 years is a Science Graduate. He has been a Director of the Company since 1992 extending valuable guidance.

Shri Ramachandra Raja is also a Director in the following Companies:

1. Rajapalayam Mills Limited

2. Sri Vishnu Shankar Mill Limited

3. Ramco Systems Limited

4. Ramco Management Private Limited

5. Sri Sethu Ramasamy Farms Private Limited

He holds in his name, 4,07,680 Shares in the Company.

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 46th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2011.

	For the Year ended 31.03.2011 (Rs in Lakhs)	For the Year ended 31.03.2010 (Rs in Lakhs)
FINANCIAL RESULTS		
Operating Profit : Profit before Interest, Depreciation and Tax (PBIDT)	11862	11876
Less : Interest and Finance charges	2003	2122
Profit before Depreciation and Tax (PBDT)	9859	9754
Less : Depreciation	2948	2895
Profit before Tax (PBT)	6911	6859
Less: Provision for Taxation - Current	1820	1800
Deferred	(230)	(300)
Profit after Tax (PAT)	5321	5359
Add : Balance Profit from last year	654	356
Surplus for Appropriation	5975	5715
Transfer to General Reserve	4200	4200
1 st Interim Dividend-Re.0.50 per Equity Share (P.Y: Re.0.45 per Equity Share of Re.1/- each)	433	390
Final Dividend- Re.0.40 per Equity Share (P.Y: Re.0.40 per Equity Share of Re.1/- each)	347	347
Tax on Dividend	128	124
Balance carried over to Balance Sheet	867	654
TOTAL	5975	5715

DIVIDEND

Your Directors have pleasure in recommending a Final Dividend of Re.0.40 per Equity Share of Re.1/- each. Together with the Interim Dividend of Rs.0.50 per Equity Share of Re.1/- each paid during the year, the total Dividend for the year 2010-11 is Re.0.90 per Equity Share of Re.1/- each. (During the Previous Year 2009-10, an Interim Dividend of Re.0.45 and a Final Dividend of Re.0.40 per Equity Share of Re.1/- each were paid making a total Dividend of Re.0.85 per Equity Share).

TAXATION

An amount of Rs. 1820 Lakhs towards Current year Income-Tax, and Rs. 128 Lakhs towards Dividend Tax have been provided for the year 2010-11. In respect of Deferred Tax, an amount of Rs. 230 Lakhs has been adjusted against liability.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Review of Operations and Current Trends

A. BUILDING PRODUCTS DIVISION

PRODUCT	PRODUCTION Qty. in M.T.		SALES Qty. in M.T.		TURNOVER Rs. in Lakhs	
	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
Fibre Cement Sheets	4,76,699	4,93,213	4,80,333	4,66,250	37,583	37,441
Calcium Silicate Boards	13,027	11,969	14,382	11,216	3,184	2,561

(a) Fibre Cement (FC) Sheets :

Considering the prevailing market condition, production of Fibre Cement (F.C) Sheets during the year 2010-11 was regulated with an intent to avoid stock build-up. Hence the actual production was lower by 16,514 M.T when compared to the previous year. However, Sales improved by 3% to 4,80,333 M.T. Turnover for F.C Sheets was marginally higher at Rs. 37,583 Lakhs during the Financial Year under review as against Rs. 37,441 Lakhs in the previous year.

Your Directors have pleasure to inform that the new project for manufacture of F.C Products at Gangaikondan, Tirunelveli District, Tamil Nadu, with an Installed Capacity of 1,20,000 M.T commenced Commercial Production in July 2010 and the F.C Sheets produced from this new Plant are well received in the markets catering to the southern belt.

Further, implementation of another New Plant for manufacture of F.C. Products at Bihiya, Bihar, had also been completed and the Commercial Production had commenced on 2nd May, 2011. This Plant too has an Installed Capacity of 1,20,000 M.T and the Cost of the Project is about Rs. 3500 Lakhs. This Project enjoys various Tax benefits/Incentives from Bihar Government like 80% reimbursement of VAT deposited for 10 years up to a maximum of 300% of Capital invested in the Project etc.

(b) Fibre Cement Pressure Pipes :

In the Pressure Pipes Division, an amount of Rs.150 Lakhs had been received as the Minimum Licence Fee during the year under review from M/s. Kanoria Sugar and General Manufacturing Company Limited, the Licencee. The revenue from F.C. Pressure Pipes Division remained the same as the previous year since the production by the Licencee was affected due to the slow-down in infrastructural activities.

(c) Calcium Silicate Boards (CSBs):

During 2010-11, quantitative Production and Sale of CSBs were higher when compared to the previous year as indicated above. The Turnover for the year was at Rs. 3,184 Lakhs as against Rs. 2,561 Lakhs during the previous year. CSB Division had also registered considerable increase in Profitability during the year under review.

(d) Cement Clinker Grinding (CCG) Plant at Kharagpur, W.B:

The Unit recorded continuous improvement in its performance during the year under review. The Plant had produced 1,15,727 M.T of Cement during the year under review as against 1,05,320 M.T of Cement during the previous year, registering almost 10% growth.

Similarly, Sale of Cement also increased from 1,05,534 M.T during the last year to 1,15,355 M.T during 2010-11. Profitability of this Unit had also improved during the year ended 31.03.2011.

B. WIND MILLS :

During the Financial Year 2010-11, no new Wind Mill was commissioned and hence the total number of Wind Mills stands at the same 14.

Position regarding Wind Mills was as follows :

Total Capacity Installed	:	16.40 MW
Total Units generated	:	326 Lakh Units (P.Y: 369 Lakh Units)
Income earned (by generation/sale of power)	:	Rs. 1,185 Lakhs (P.Y: Rs. 1,211 Lakhs)

Units generated and Income earned were slightly lower during the year under review, in tune with the weather / wind conditions.

C. COTTON YARN DIVISION-SRI RAMCO SPINNERS:

Production and Sales :

During the year 2010-11, the Unit had produced 31.12 Lakh Kgs. of Cotton Yarn as compared to 33.24 Lakh Kgs. produced during the previous year. The Unit had registered its sale of Yarn at 30.33 Lakh Kgs during the year under review as against 33.66 Lakh Kgs during 2009-10.

With the increase in Yarn Prices, Turnover for the year was considerably higher at Rs.10,345 Lakhs compared to Rs. 7,310 Lakhs in the previous year and Profitability also improved substantially.

However, Current Year working may not be encouraging as there is a glut in Yarn Market throughout India. Prices of Yarn has come down and practically no enquiries. Hope at the end of the year, the Division will be able to show good results as we have good Corporate buyers as our Customers.

D. OVERSEAS OPERATIONS - SRI RAMCO LANKA (PRIVATE) LIMITED, SRI LANKA:

Performance of the Company's Wholly Owned Sri Lankan Subsidiary during the year under review, recorded substantial improvements in terms of Production, Sales, Turnover and Profitability. The production at the FC Sheet Plant of the Subsidiary, was 1,06,801 M.T. during the year ended 31.03.2011 as against 80,660 M.T. during the corresponding previous year. The Subsidiary sold 1,08,609 M.T. during 2010-11 as compared to 81,308 M.T. during 2009-10. The Net Sales were SLR.25,492 Lakhs (INR.10,365 Lakhs) as against SLR 18,137 Lakhs (INR 7,481 Lakhs) during the corresponding previous year.

Your Directors have pleasure to inform that a new Company by name M/s. Sri Ramco Roofings Lanka Private Limited (SRRLPL) has been incorporated in Sri Lanka as a subsidiary of M/s. Sri Ramco Lanka (Private) Limited (SRLPL) on 9th November 2010. Since SRLPL itself is a Wholly Owned Subsidiary of M/s. Ramco Industries Limited (RIL), SRRLPL will also be another Subsidiary of RIL. SRRLPL has taken up the setting up of a new Unit to manufacture Fibre Cement Products with an annual capacity of 1,20,000 MT at Pallegodowatta Industrial Estate, Mathugama in the District of Kalutara in Sri Lanka and the Unit is expected to be commissioned during the Current F.Y 2011-12. This Company will enjoy tax and other benefits from the Government of Sri Lanka.

TAXES AND DUTIES:

During the year under review, Customs / Central Excise Duties paid on the Company's products amounted to Rs. 6,262.48 Lakhs. Together with VAT and CST amounting to Rs.5,693.94 Lakhs, the Company's total contribution to the Public Exchequer was Rs.11,956.42 Lakhs say Rs.120 Crores.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company continues to take keen interest in conservation of energy and the information required under Section 217(1)(e) of the Companies Act, 1956, read with the relevant Rules, with regard to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in Annexure which forms part of this Report.

INDUSTRIAL RELATIONS:

Industrial relations continue to be cordial and harmonious at all the Units. Employees are extending their fullest co-operation for the various cost reduction measures of the Company.

PARTICULARS OF EMPLOYEES:

In terms of provisions of Section 217(2A) of the Companies Act, 1956, read with The Companies (Particulars of Employees) Rules, 1975, as amended, the names and particulars of Employees are set out in the Annexure to the Directors' Report. Having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Any Member interested in obtaining such particulars may write to the Corporate Office of the Company.

RESEARCH AND DEVELOPMENT EFFORTS:

During the year under review, the Company continued its Research & Development efforts in respect of conventional and non-conventional Fibres and in production technology for manufacture of Fibre Cement Sheets/Calcium Silicate Boards.

DIRECTORS:

Since the last AGM held on 02.08.2010, there had been no change in the composition of the Board of Directors. In accordance with the provisions of the Companies Act, 1956 / Articles of Association, Shri N.K. Shrikantan Raja and Shri S.S. Ramachandra Raja are the Directors who will be retiring by rotation and are eligible for re-election.

PUBLIC DEPOSITS:

The Total Deposits from the general public outstanding with the Company as on 31st March 2011 were Rs. 13.91 Lakhs including the deposits renewed in accordance with Section 58A of the Companies Act, 1956.

SHARES:

The Annual Listing Fees have been paid to the three Stock Exchanges for the F.Y 2011-12.

AUDITORS:

M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants and M/s. CNGSN & Associates, Chartered Accountants, Auditors of the Company retire at the end of the 46th Annual General Meeting and are eligible for re-appointment.

As per Orders dated 2nd and 3rd May, 2011 issued by the Government of India, Ministry of Corporate Affairs, New Delhi, from the Financial Year commencing from 01.04.2011, the Cost Accounting Records (pertaining to the Company's Clinker Grinding Unit at