

Madras Cements Ltd.

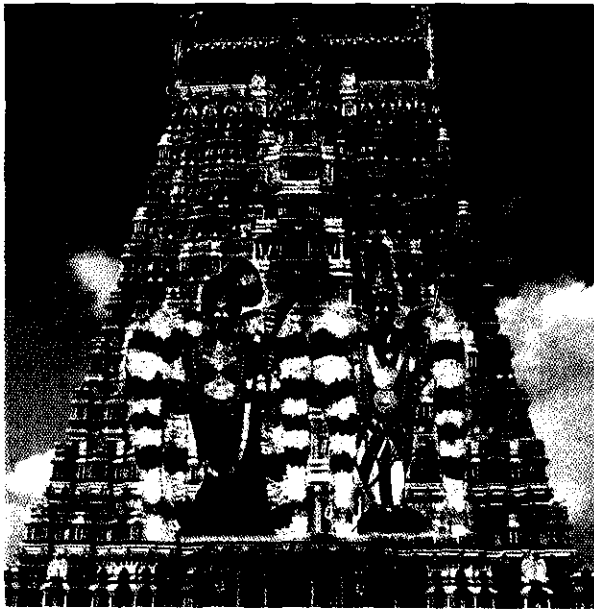
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Annual Report

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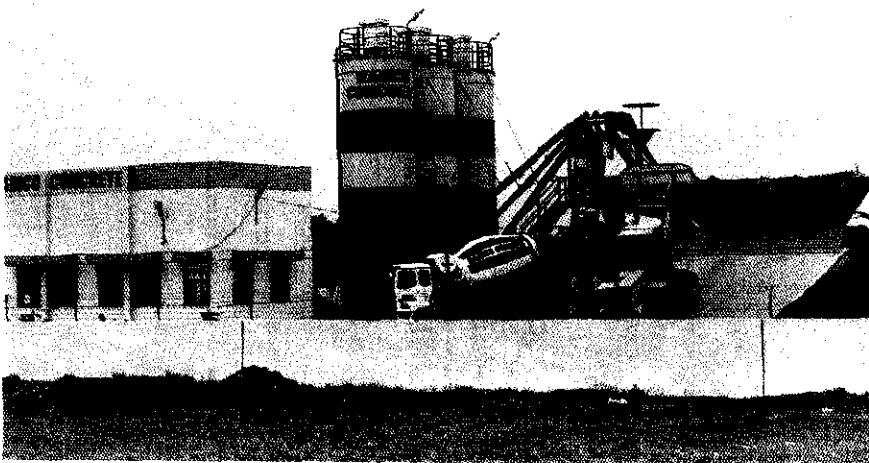
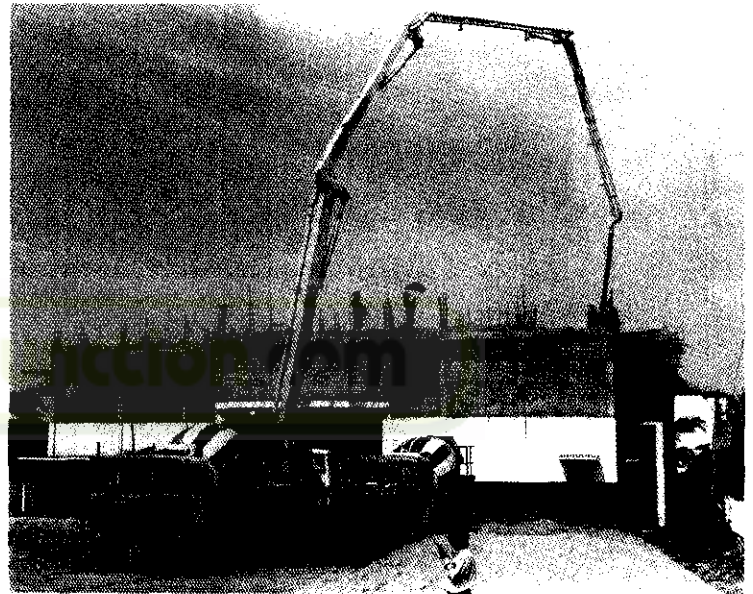
1999-2000





*Maha Samprokshanam of Sri Andal and Sri Vadabathrasayanar temple held at Srivilliputtur on 10-2-2000 for which Ramco Group of Companies have made significant contribution. The main Gopuram is the logo for MCL.*

*Ramco Ready Mix Concrete being pumped at high altitude ceiling through Boom Placer at our customer's construction site.*



*Second Unit of Ready Mix Concrete Division at Vichoor.*



### Board of Directors

**Shri P.R. RAMASUBRAHMANEYA RAJHA, B.Sc.**  
*Chairman & Managing Director*

**Shri RAMESHRAM MISHRA, I.A.S.**  
*Nominee of Government of Tamil Nadu*

**Shri M.G. BALASUBRAMANIAN, I.A.S.(Retd.)**  
*Nominee of SIPCOT*

**Shri K. DESIKAN**  
*Nominee of IFCI*

**Shri R. RAMALINGAM**  
*Nominee of GIC*

**Dr. V. GAURI SHANKER, LLB., M.Phil., Ph.D.**

**Shri R.K. CHARI, L.E.E., A.I.C.W.A.**

**Shri P.R. VENKETRAMA RAJA, B.Tech., (Chem.)**

**Shri T.K. THIRUMALAIAPPA MUDALIAR**

**Shri R. NAGARAJAN**

### Corporate Office

98-A, Dr. Radhakrishnan Salai,  
CHENNAI 600 004.  
Tamil Nadu.

### Registered Office

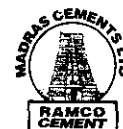
'RAMAMANDIRAM'  
RAJAPALAYAM 626 117.  
Tamil Nadu.

### Auditors

M/s. M.S. Jagannathan & N. Krishnaswami  
Chartered Accountants,  
12, Dr. Swaminatha Sastri Road  
Tennur, Tiruchirapalli - 620 017  
Tamil Nadu.

### Bankers

State Bank of India  
Indian Bank  
ANZ Grindlays Bank Ltd.  
State Bank of Bikaner & Jaipur  
State Bank of Hyderabad  
Canara Bank  
ABN Amro Bank



## 5 YEARS' HIGHLIGHTS

(Rs. in lacs)

	1995-96	1996-97	1997-98	1998-99	1999-2000
<b>Sales &amp; Earnings :</b>					
Sales & Other Income	39209.13	41969.02	48972.14	52371.02	<b>51907.15</b>
Operating Profit (PBIDT)	13681.23	14000.39	15673.79	15762.02	<b>15295.74</b>
Cash generation for the year	11553.68	10820.22	7841.31	8509.84	<b>9087.21</b>

### Assets & Liabilities :

#### Assets :

Fixed Assets, Net	34021.17	61523.57	65553.98	64995.85	<b>75314.11</b>
Investments	116.73	1959.34	1927.34	2543.34	<b>5030.56</b>
Current Assets, Net	6982.90	7473.66	12911.44	9477.59	<b>11645.92</b>
	41120.80	70956.57	80392.76	77016.78	<b>91990.59</b>

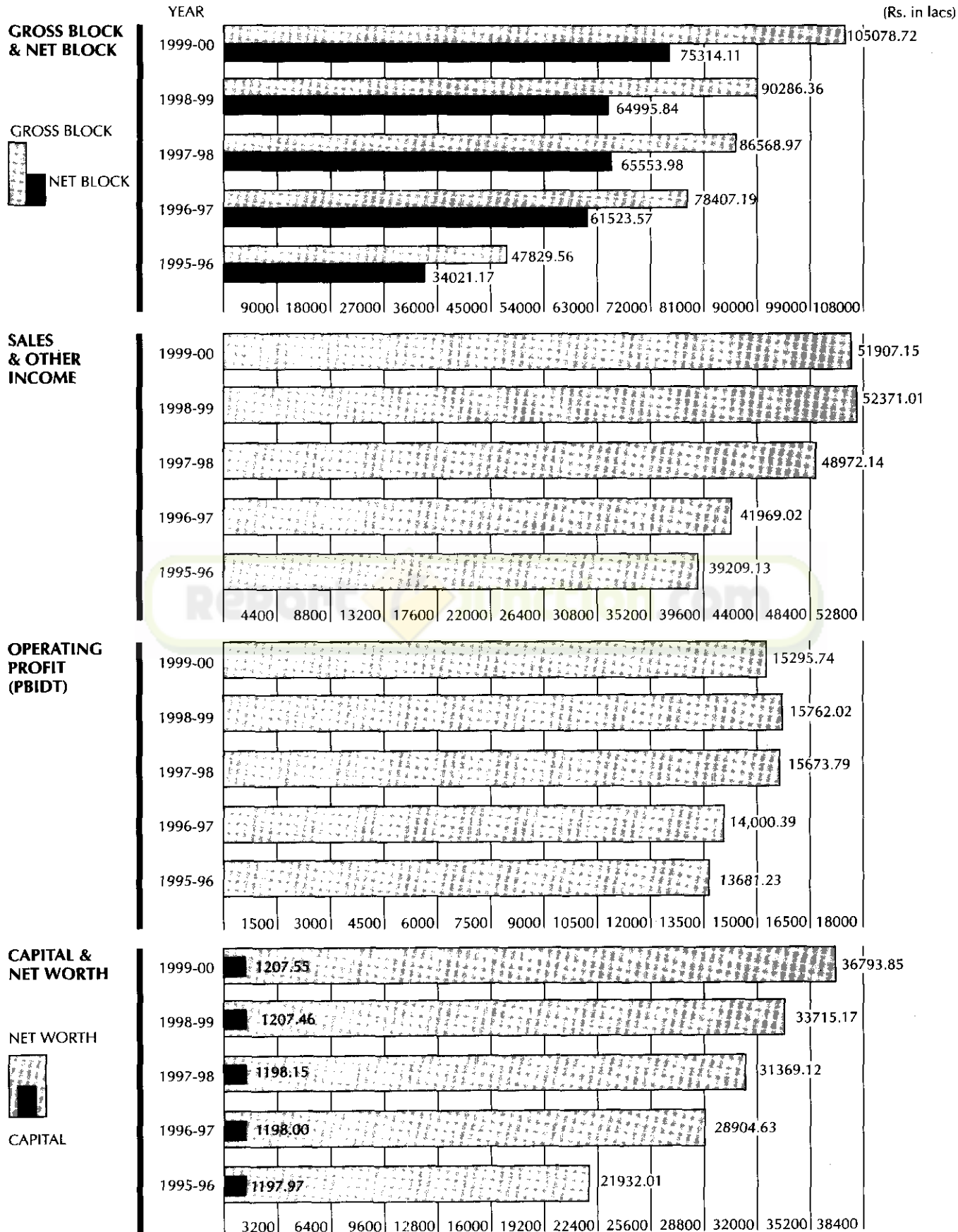
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### Represented by :

Share Capital	1197.97	1198.00	1198.15	1207.47	<b>1207.55</b>
Reserves & Surplus	20734.04	27706.63	30170.97	32507.07	<b>35586.30</b>
Borrowings	19188.79	42051.94	49023.64	43301.61	<b>55196.74</b>
	41120.80	70956.57	80392.76	77016.78	<b>91990.59</b>

### Ratios :

Earnings per Equity Share (Rs.)	751.52	638.28	269.18	321.82	<b>324.57</b>
Net Worth per Share (Rs.)	1813.31	2389.80	2593.56	2787.53	<b>3042.07</b>
Debt-Equity Ratio (on long term borrowings)	0.70:1	1.14:1	1.13:1	0.67:1	<b>0.82:1</b>
Current Ratio	2.09:1	1.98:1	2.53:1	2.26:1	<b>2.29:1</b>







## NOTICE TO THE MEMBERS

Notice is hereby given that the 42nd Annual General Meeting of the Company will be held at 11.00 A.M. on Wednesday, the 9th August, 2000 at Sri P.A.C.R. Centenary Community Hall, Sudharsan Gardens, Sri 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, 2000 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 1999-2000.
3. To appoint a Director in the place of Dr. V. Gauri Shanker, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in the place of Shri T.K. Thirumalaiappa Mudaliar, who retires by rotation and is eligible for reappointment.
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.

The retiring Auditors, M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants are eligible for reappointment. The Company has received a Special Notice proposing M/s.S.Visvanathan, Chartered Accountants as Joint Auditors along with M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants. In this connection to consider and, if thought fit, to pass with or without modification the following Resolution as Special Resolution:

"RESOLVED that M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, who retire at the end of this Annual General Meeting and M/s. S. Visvanathan, Chartered Accountants be and are hereby jointly appointed as 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.1,25,000/- (Rupees one lakh and twenty five thousand only) each, exclusive of out-of-pocket expenses."

### SPECIAL BUSINESS :

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

"RESOLVED that subject to the approval of the Financial Institutions/Banks, in supersession of the resolution passed at the Annual General Meeting held on 28th August, 1996 and pursuant to Section 293 (1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of money which together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up 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 moneys so borrowed by the Board, shall not at any time exceed Rs.1500 Crores (Rupees one thousand five hundred crores only)."

Chennai - 600 004  
5th June, 2000.

By Order of the Board,  
for MADRAS CEMENTS LTD.,  
P.R. RAMASUBRAHMANEYA RAJHA  
Chairman & Managing Director

**NOTES:**

- (i) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item No.5 and 6 of the Notice is annexed hereto;
- (ii) 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;
- (iii) 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;
- (iv) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 1st August, 2000 to Wednesday, the 9th August, 2000 (both days inclusive).
- (v) The Company has transferred dividends which remained unpaid/unclaimed for the financial years upto 1994-95 to the General Revenue Account of the Central Government under the provisions of Sub-Section 205-A of the Companies Act, 1956. Any member claiming any such dividend so transferred may apply to the Registrar of Companies, Chennai in the prescribed form in duplicate, a specimen of which may be obtained from the Company's Corporate Office, if desired.
- (vi) Dividend relating to the financial years 1995-96 onwards remaining unclaimed for 7 years will be transferred to the Investor Education & Protection Fund of the Central Government under Section 205 C of the Companies Act, 1956.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 5**

Under Section 224-A of the Companies Act, 1956, a Special Resolution is necessary for appointment of Auditors of the Company, since more than 25% of the subscribed capital of the Company is held by Financial Institutions, State Government, Nationalised Banks and Insurance Companies.

**Item No. 6**

Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors cannot except with the consent of the Company in General Meeting, borrow moneys (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital and free reserves of the Company, that is to say reserves not set apart for specific purpose.

The members of the Company at the Annual General Meeting held on 28th August, 1996 passed an ordinary resolution under the aforesaid section empowering the Board of Directors of the Company to borrow upto Rs.750 Crores. The present borrowings of the Company stand at about Rs. 650 Crores. Further borrowings are required to finance the various expansion projects envisaged by the Company. As the existing sanction is considered inadequate, enhancement in the borrowing limit is sought to raise the same to Rs.1500 Crores.

Your Directors recommend the resolution for your approval.

None of the Directors is deemed to be interested in this Resolution.

Chennai - 600 004  
5th June, 2000

By Order of the Board,  
for MADRAS CEMENTS LTD.,  
P.R. RAMASUBRAHMANEYA RAJHA  
Chairman & Managing Director



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

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

1. Dr. V. Gauri Shanker:

Dr. V. Gauri Shanker, aged 78 years is a leading Senior Counsel in Supreme Court of India, specialising in Income-tax, Company Law and International Corporate Law relating to Trade and Taxation. His qualifications include L.L.B., M.Phil. and Ph.D in Law. He is a retired Senior Government Officer. He held various positions in Government while in service including Secretary, Income-tax Investigation Commission, Officer on Special Duty to Central Board of Revenue, Senior Accountant-General to audit Tax Receipts of the Union and State Governments and Additional Secretary in Ministry of Finance.

He had also served as a Member/Secretary in various committees including Central Excise Reforms Committee, 7th Five Year Plan Group on Resources, Direct Taxation Enquiry Committee and Public Expenditure Commission.

He has authored many books including Transactional Corporations and Multi-Nationals, Income-tax for laymen, Treatise on Income-tax Laws, Commentary on Customs and Foreign Exchange Regulations, etc. He has published many articles in important Journals on Taxation and Finance.

He has been on the Board of Madras Cements Ltd. since 1984.

He is presently a Director in the following Companies:

- i) Seshasayee Paper & Boards Ltd.,
- ii) Hindustan Gums & Chemicals Ltd.,
- iii) Gwalior Webbing Co. Ltd.,
- iv) East India Investment Co., Pvt. Ltd.

2. Shri T.K. Thirumalaiappa Mudaliar:

Shri T.K. Thirumalaiappa Mudaliar, aged 78 years was appointed as a Director of Madras Cements Ltd. in 1959. He is a leading businessman. He has been associated with the Company since its incorporation. He continues to render valuable services/counsel since the formative stages of the Company.





## DIRECTORS' REPORT

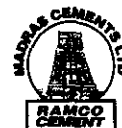
Your Directors have pleasure in presenting their 42nd Annual Report and the Audited Accounts of the Company for the year ended 31st March 2000.

### FINANCIAL RESULTS:

	Current year ended 31-3-2000 (Rs. in lacs)	Previous year ended 31-3-1999 (Rs. in lacs)
Operating Profit: Profit before interest, depreciation and tax (PBIDT)	15295.74	15762.02
Less: Interest	6112.22	7051.50
Profit before depreciation and Tax (PBDT)	9183.52	8710.52
Less: Depreciation	4636.56	4348.37
Profit before tax	4546.96	4362.15
Less: Provision for tax	525.00	370.00
Profit after tax	4021.96	3992.15
Add: Balance Profit from last year	1776.18	756.69
	5798.14	4748.84
Add: Investment Allowance Reserve written back	-	1610.00
	5798.14	6358.84
Less: i) Donations	96.32	99.74
ii) Prior period and Extra-ordinary items (net)	142.22	707.02
Surplus for Appropriation	5559.60	5552.08

Your Directors propose to appropriate the surplus as under:-

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
1. Transfer to Debenture Redemption Reserve	2137.50	1537.50
2. Transfer to General Reserve	500.00	1500.00
3. Dividend:		
On 12,09,500 Equity shares of Rs.100/- each @ 55%	665.23	665.23
4. Tax on Dividend	73.17	73.17
Balance carried over to Balance Sheet	2183.70	1776.18
<b>TOTAL</b>	<b>5559.60</b>	<b>5552.08</b>

**DIVIDEND:**

Your Directors, at the Board Meeting held on 23-3-2000, have approved payment of interim dividend of Rs.55/- per share (55%) on the Equity Capital of the Company. Your Directors recommend this to be the final dividend for the year.

**TAXATION:**

The tax liability of Rs.5.25 Crores has been provided under the provisions of the Income-Tax Act after setting off Rs. 1.48 Crores of MAT credit

**MANAGEMENT DISCUSSION & ANALYSIS :****CEMENT DIVISION:****PRODUCTION & DESPATCHES**

	1999-2000 (‘000 tonnes)	1998-99 (‘000 tonnes)
<b>Ramasamyraja Nagar (TN) Factory:</b>		
Clinker produced	628	606
Cement produced	789	774
Cement sold	786	787
<b>Jayanthipuram (AP) Factory:</b>		
Clinker produced	786	858
Cement produced	969	968
Cement sold	934	1000
<b>Alathiyur (TN) Factory:</b>		
Clinker produced	837	710
Cement produced	967	833
Cement sold	962	857

**SALES & PROFITABILITY:**

The turnover net of Central Excise and Sales Tax was Rs.516.17 Crores compared to Rs.529.03 Crores of the previous year. The operating profit before interest, depreciation and tax was Rs.152.96 Crores compared to Rs.157.62 Crores of the previous year. Profit after Tax has increased to Rs.40.22 Crores from Rs.39.92 Crores of the previous year. The Company was able to maintain the profitability level, in spite of lower prices due to savings in interest and other costs.

**DEVELOPMENTS DURING THE YEAR:**

The Company's Slag Grinding project at Jayanthipuram for manufacture of blended Cement was commissioned during the year. The Company has entered into long term agreement with Rashtriya Ispat Nigam Ltd., Vizag for supply of Slag. The product under the brand name, 'Ramco Super Steel Cement' was formally launched at Hyderabad by Hon'ble Shri N. Chandrababu Naidu, Chief Minister of Andhra Pradesh. The product has received good response in the market. With this, the production capacity in Jayanthipuram has gone up from 1.10 million Tonnes per annum to 1.60 million Tonnes per annum. The capacity of the Alathiyur Unit was expanded by 0.2 million Tonnes per annum by upgradation of various equipments during the year.

The blended cement under the name 'Ramco Super Grade' (Fly ash based) introduced during the year 1998-99 gained popularity in the market during the year under review. The sale of blended Cement increased to 2.21 million tonnes during the year as compared to 1.60 million tonnes during the previous year.