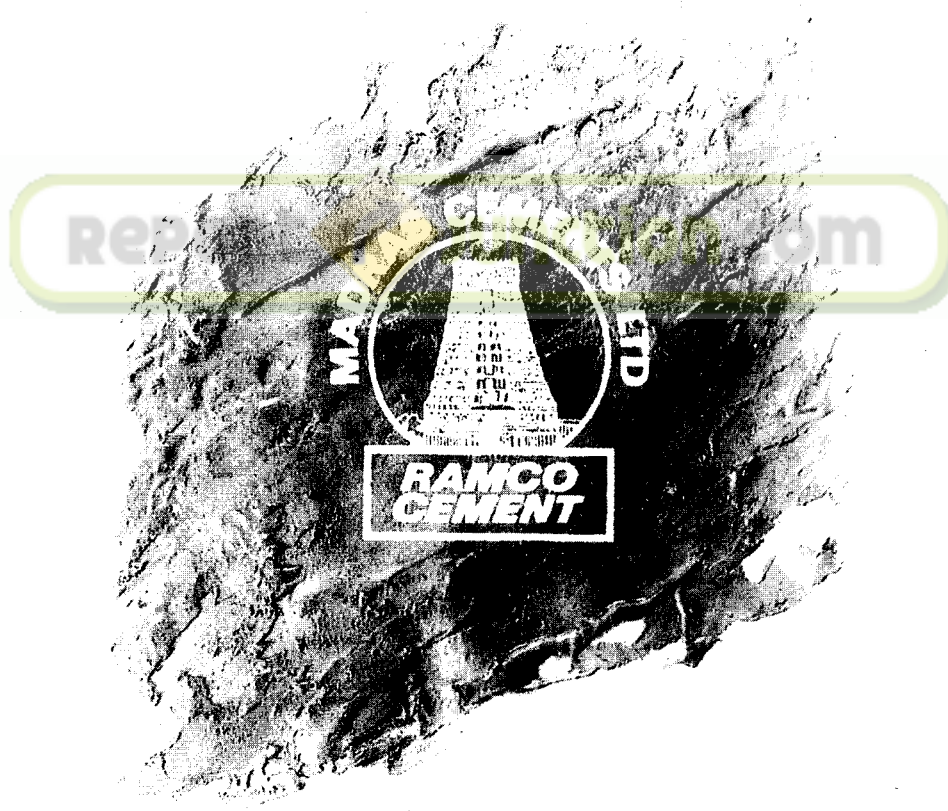


Madras Cements Ltd.

Annual Report

2003-2004



*Serene and clean atmosphere at
R.R. Nagar Plant*



Report  junction.com

*The green belt development
at Alathiyur Plant*





MADRAS CEMENTS LTD.

Board of Directors

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

Shri N. VASUDEVAN, I.A.S.
Nominee of Government of Tamil Nadu

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

Shri B.P. DESHMUKH M.Com., LLB, FCS.
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 R. NAGARAJAN, B.Com (Hons), CAIIB

Bankers

ABN Amro Bank N.V.
Canara Bank
HDFC Bank Ltd.
ICICI Bank Ltd.
IDBI Bank Ltd.
Indian Bank
Standard Chartered Bank
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
State Bank of India

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,
31, Premier Flats, Karur Bypass Road,
Tiruchirappalli - 620 002. Tamil Nadu.

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

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MADRAS CEMENTS LTD.

(Rs. in Lacs)

HIGHLIGHTS	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Sales & Earnings											
Sales & Other Income	24072	29892	39209	41969	48972	52371	51907	62083	70937	63037	69982
Operating Profit	5505	9246	13681	14000	15674	15762	15296	17818	18031	15351	16700
Cash generation	3732	7215	11554	10820	7841	8510	9087	11181	10147	8734	11740
Net profit	2044	5339	9090	7774	3311	3992	4022	4840	3746	2148	4998
Assets Employed											
Net Fixed Assets	13781	22010	34021	61524	65554	64996	75314	95588	100712	98444	93315
Investments	68	88	117	1959	1927	2543	5031	5033	5734	5728	6685
Net Current Assets	3571	4427	6983	7474	12912	9478	11646	12402	10484	10773	9646
TOTAL	17420	26525	41121	70957	80393	77017	91991	113023	116930	114945	109646
Financed by :											
A. Shareholders' Funds											
(a) Equity Shareholders' investment	302	302	302	302	302	302	302	302	302	302	302
(b) Bonus shares	302	894	896	896	896	905	905	905	905	906	906
(c) Preference shares	60	—	—	—	—	—	—	—	—	—	—
Reserves and surplus	8380	12586	20734	27707	30171	32508	35587	39234	25003	25275	27397
Deferred Tax Liability	—	—	—	—	—	—	—	—	17110	17962	19620
Total shareholders' funds (A)	9044	13782	21932	28905	31369	33715	36794	40441	43320	44445	48225
B. Borrowed funds											
Short term borrowings	1143	1495	537	1697	4251	4591	7165	7795	12545	12195	4490
Foreign Currency loans	—	2821	2423	5105	2236	765	—	—	2770	9245	18951
Sales Tax Deferral	306	1060	1568	1858	2810	5592	7275	8850	10896	13632	17725
Others	6927	7367	14661	33392	39727	32354	40757	55937	47399	35428	20255
Total Borrowings (B)	8376	12743	19189	42052	49024	43302	55197	72582	73610	70500	61421
TOTAL - (A)+(B)	17420	26525	41121	70957	80393	77017	91991	113023	116930	114945	109646



HIGHLIGHTS	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Capacity-Lac-tonnes	17.1	18.5	18.5	18.5	27.5	27.5	34.5	57.5	59.9	59.9	59.9
Production-Lac-tonnes	14.4	15.1	18.3	18.1	23.0	25.8	27.2	26.5	31.8	35.2	37.0
Number of employees	1463	1494	1476	1542	1473	1712	1724	1748	1750	1743	1669
Contribution to Exchequer (Rs. in lacs)	8597	10746	13530	16553	17393	17261	18113	21081	23349	22828	25639
Earnings per share (Rs.)*	332	439	751	638	269	321	324	366	212	107	28
Dividend %	36	40	55	55	55	55	55	55	60	60	75
Dividend payout %	11.09	9.06	7.32	9.41	22.10	18.50	18.36	15.15	19.34	38.05	20.45
P/E ratio	22.55	20.14	14.64	11.75	15.79	11.89	11.24	10.70	20.05	31.45	27.21
Price to book value ratio	5.05	7.77	6.07	3.14	1.64	1.37	1.20	1.26	1.96	1.53	3.22
Operating profit ratio %	22.87	30.93	34.89	33.36	32.01	30.10	29.47	28.70	25.42	24.35	23.86
Gross fixed assets per share (Rs.)	3870	2785	3993	6545	7225	7477	8702	10062	11623	11969	1200
Market price of share (Rs.)*											
(a) High	8500	23500	11500	13000	9200	5020	8640	5574	5150	4435	980
(b) Low	2600	7050	8250	6800	2900	3120	2950	3360	3501	3245	330
Market capitalisation (Rs. in lacs)	45338	105901	131777	89850	50921	46186	44063	50717	51454	40642	92033
Net worth per Share (Rs.)*	1485	1139	1813	2390	2594	2788	3042	3344	2171	2193	237
Debt-Equity Ratio (on long term Borrowings)	0.67	0.63	0.70	1.14	1.13	0.67	0.82	1.09	1.29	1.05	0.80
Current Ratio	1.95	1.89	2.09	1.98	2.53	2.26	2.29	2.05	1.84	1.85	1.65

Notes : 1. Bonus shares were issued in the ratio of 1:1 in 1992-93 and 1994-95.

2. Earnings per share from the year 2001-02 is calculated after considering Deferred Tax Liability.

*3. Equity shares of Rs.100/- each were sub-dividend into 10/- shares of Rs. 10/- each with effect from 15.11.2003.

MADRAS CEMENTS LTD.**NOTICE TO THE MEMBERS**

Notice is hereby given that the 46th Annual General Meeting of the Company will be held at 9.30 A.M. on Wednesday, the 28th July, 2004 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 2004 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 2003-2004.
3. To appoint a Director in the place of Shri R.Nagarajan, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in the place of Shri P.R.Venketrama Raja, 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.

In this connection to consider and, if thought fit, to pass with or without modification the following Resolution as a Special 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 Meeting till the conclusion of the next Annual General Meeting on a remuneration of Rs.2,00,000/- (Rupees two lacs 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 a SPECIAL RESOLUTION:

1. "RESOLVED that subject to the approval of the shareholders of the Company, Financial Institutions and Banks, Shri P.R.Ramasubrahmaneya Rajha be and is hereby reappointed pursuant to Section 269 and other applicable provisions of the Companies Act, 1956 as Managing Director of the Company for a further period of 5 years with effect from 2-4-2005 to manage the entire business and affairs of the Company subject to the superintendence, control and directions of the Board."
2. "RESOLVED that the Managing Director shall be paid a remuneration equivalent to 3% of the net profits of the Company calculated as per provisions of Section 198 and 309 of the Companies Act, 1956. Further resolved that the Remuneration Committee of the Board of Directors shall be authorised to fix from time to time, the composition of remuneration, subject to the limit prescribed above."
3. "RESOLVED Further that where in any financial year, the Company has no profits or inadequate profits, the Managing Director shall be paid -
 - a) The maximum remuneration prescribed under Section II, Part II of Schedule XIII of the Companies Act based on the effective capital of the Company and in accordance with the approval of the Remuneration Committee of the Company which is presently Rs.2.00 lacs per month ;
 - b) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961;
 - c) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
 - d) Encashment of leave at the end of the tenure."

"RESOLVED that the Board of Directors of the Company be and is hereby authorized to accept such modifications of the aforesaid terms and conditions for appointment of the Managing Director as may be required by the approving authorities and agreed to by the Board and acceptable to Shri P.R.Ramasubrahmaneya Rajha."

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

Date :16-6-2004
Place : Chennai

**NOTES:**

- (i) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No.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 Thursday, the 22nd July, 2004 to Wednesday, the 28th July, 2004. (both days inclusive).
- (v) 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.
- (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 Investor Education & Protection Fund 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 claimed their dividend relating to the earlier years 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 are given below:

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEP FUND
31-03-1997	04-09-1997	03-09-2004	02-10-2004
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	08-09-2010

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

ITEM No. 6

Shri. P.R. Ramasubrahmaneya Rajha was first appointed as Managing Director of the Company on 2-4-1970. At that time, the Company's net worth was Rs.1.93 Crores and the turnover was Rs.2.70 Crores, with R.R.Nagar as the only unit for the Company with a capacity of 2 lacs tones per annum. Under his leadership, the Company has now grown with Cement Plants at 4 different locations in three States with an aggregate capacity of 60 lacs tones per annum and with diversification in Wind Energy, Ready Mix and Dry Mix products. The Company's net worth has increased to Rs.293 Crores with a turnover of around Rs.850 Crores. The Company has a record of consistent profit and declaration of dividend.

Shri P.R. Ramasubrahmaneya Rajha was reappointed as Managing Director of the Company by the Board of Directors subject to the approval of the shareholders at the Annual General Meeting for a further period of 5 years from 2-4-2005

MADRAS CEMENTS LTD.

to 1-4-2010 pursuant to Article 119A of the Articles of Association of the Company and in accordance with the provisions of Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956.

The terms and conditions for re-appointment is set out in the Resolution. There is no change in the remuneration for the reappointment.

The details of his remuneration will be as follows:

1. Salary:

Rs.2,00,000/- (Rupees two lakhs only) per month which is the minimum remuneration payable as per Schedule XIII of the Companies Act, 1956. The Remuneration Committee of the Board of Directors shall be authorized to vary the monthly remuneration in accordance with the Schedule XIII of the Companies Act, 1956.

2. Perquisites:

- i) Company's contribution to Provident Fund, Superannuation Fund and Gratuity Fund.
- ii) Telephone at residence at Company's cost;
- iii) Free use of Company's car for Company's work as well as for personal purposes along with driver;
- iv) Personal Accident Insurance Policy as per the Company's scheme;
- v) Reimbursement of medical expenses for Managing Director & family.

Perquisites shall be valued as per income-tax rules, wherever applicable and, in the absence of any such rules, shall be valued at actual cost.

3. Commission:

The Commission together with the salary and value of perquisites shall not exceed 3% of the net profits of the Company.

The re-appointment and the remuneration proposed fulfill the conditions stipulated in Schedule XIII of the Companies Act, 1956 and hence approval of Government of India is not required.

As the Managing Director would be attaining the age of 70 during the tenure, his re-appointment is proposed to be passed as a Special Resolution in the Annual General Meeting and hence approval of the Central Government is not required in this regard also.

As per Clause 1A of Section II of Part II of the Schedule XIII of the Companies Act, 1956, provision for payment of remuneration in case of inadequacy of profits requires approval of the Remuneration Committee to be passed by a Resolution. The details of the minimum remuneration payable is set out in the resolution. The Remuneration Committee has passed necessary Resolution at its Meeting held on 12-6-2004 approving the same.

A copy of the terms and conditions of reappointment of the Managing Director is available for inspection by the members at the Registered Office of the Company between business hours on any working day and will also be available for inspection at the forthcoming General Meeting.

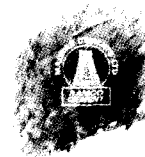
The contents of the Resolution along with the Explanatory Statement shall be deemed to be an abstract of the terms and conditions of reappointment of Managing Director under Section 302 of the Companies Act, 1956 and the Memorandum of interest in that behalf.

None of the Directors except Shri P.R.Ramasubrahmaneya Rajha and Shri P.R. Venketrama Raja may be deemed to be concerned or interested in the Resolution.

Date : 16-6-2004

Place : Chennai

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

1. **SHRI R.NAGARAJAN:**

Shri R.Nagarajan, aged 65, is a B.Com.(Hons.) and CAIIB.

He is an eminent Banker and he 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, Gauhati, Vice-Principal, State Bank Staff College, Hyderabad and as Wholetime Finance Director in ACC-Babcock Ltd. while on deputation.

He has rich experience in Banking and Administration and in Mutual Fund Industry.

He has been on the Board of Madras Cements Ltd. since 1998.

He is also a Director in the following Companies:

1. Excel Audit & Management Support Services (P) Ltd.
2. Shapre Global Infotech Ltd.,
3. S.S.I. Ltd.,
4. Ramco Industries Limited
5. Dhandapani Finance Ltd.,
6. Lattice Bridge Infotech Private Ltd.
7. Aptech Ltd.

2. **Shri P.R.VENKETRAMA RAJA:**

Shri P.R.Venketrama Raja, aged 45, has a Bachelor's degree in Chemical Engineering from University of Madras and Masters in Business Administration from University of Michigan, USA. He is the Vice-Chairman & Managing Director of Ramco Industries Limited and Ramco Systems Limited. He has been on the Board of Madras Cements Ltd. since 1985.

He is the son of Shri P.R.Ramasubrahmaneya Rajha, Chairman of the Company.

MADRAS CEMENTS LTD.**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 2004.

FINANCIAL RESULTS

	Year ended 31-3-2004 (Rs. in lacs)	Year ended 31-3-2003 (Rs. in lacs)
Operating Profit: Profit before interest, depreciation and tax (PBIDT)	16712	15496
Less: Interest	4960	6618
Profit before depreciation and tax (PBDT)	11752	8878
Less: Depreciation	6327	6401
	5425	2477
Less: Prior period items (net)	12	144
Profit before tax	5413	2333
Less: Provision for tax		
Current Tax	415	185
Deferred Tax	1658	852
Profit after tax	3340	1296
Add: Balance Profit from last year	2810	2675
	6150	3971
Add: Debenture Redemption Reserve written back	2118	1657
Surplus for Appropriation	8268	5628
Appropriations:		
1. Transfer to General Reserve	5000	2000
2. Interim Dividend (25%)	302	—
3. Tax on Interim Dividend	39	—
4. Final Dividend on 1,20,95,000 Equity shares of Rs.10/- each @ 50% (P.Y.60%)	605	725
5. Tax on Final Dividend	77	93
Balance carried over to Balance Sheet	2245	2810
TOTAL	8268	5628