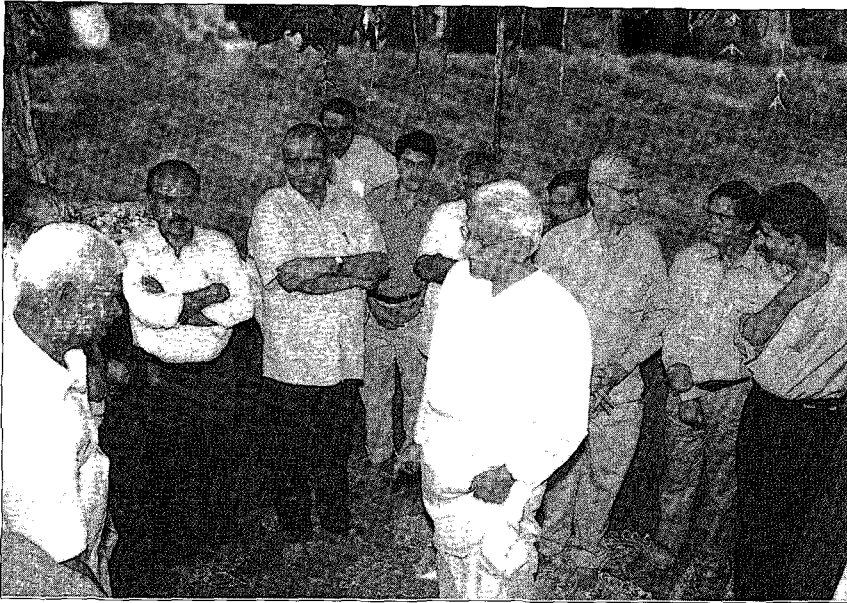


Madras Cements Ltd.

Annual Report

2006-2007





Shri P.R. Ramasubrahmaneya Rajha, CMD and Shri P.R. Venketrama Raja, Director at the "Vasthu Pooja" of Ariyalur project.

Report  junction.com

Excellent Energy Efficiency Shield, instituted by CII, awarded to Alathiyur unit being received from Shri Arcot N. Veerasamy, Hon'ble Minister for Power, Government of Tamil Nadu.





MADRAS CEMENTS LTD.

"RAMAMANDIRAM", RAJAPALAYAM - 626 117 (Tamil Nadu)

PROXY FORM

I/We Son of/Wife of/Daughter of.....
 residing at being a member/
 members of MADRAS CEMENTS LTD., do hereby appoint Sri/Smt/Miss.....
 Son of/Wife of/Daughter of..... residing at
 or failing him Sri/Smt/Miss
 Son of/Wife of/Daughter of..... residing at.....
 as my/our proxy to vote for me/us on my/our behalf at
 the 49th Annual General Meeting of the Company to be held on Friday, the 27th July 2007
 at 10.15 a.m. and at any adjournment thereof.

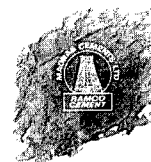
Signed this day of July 2007.

Affix 30 P
 Revenue
 Stamp and
 Sign over it

Folio No / DP ID / CL ID	No. of Shares

N.B. : Any member entitled to attend and vote at the meeting is entitled to attend and either vote in person or by Proxy and that the Proxy need not be a member of the Company. This form thus completed should be deposited at the Registered Office of the Company at Rajapalayam before 10.15 a.m. on Wednesday, the 25th July 2007.





MADRAS CEMENTS LTD.

Board of Directors

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

Shri M.RAMAN, I.A.S.,
Nominee of Government of Tamil Nadu

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

Shri P.R.VENKETRAMA RAJA, B.Tech.,

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

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

Bankers

Canara Bank

Citi Bank, N.A.

HDFC Bank Ltd.

ICICI Bank Ltd.

IDBI Bank Ltd.

Indian Bank

Indian Overseas Bank

Standard Chartered Bank

State Bank of Hyderabad

State Bank of India

UTI Bank Ltd.

Corporate Office

98-A, Dr. Radhakrishnan Road, Mylapore
Chennai - 600 004, Tamil Nadu.

Registered Office

'Ramamandiram'
Rajapalayam - 626 117, Tamil Nadu.

Website

www.madrascements.com

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.

Contents

Financial Highlights	2
Notice to the Members	4
Directors' Report	9
Corporate Governance	18
Shareholder Information	23
Auditors' Report	28
Balance Sheet	31
Profit & Loss Account	32
Schedules to Balance Sheet	34
Schedules to Profit & Loss Account	41
Significant Accounting Policies	44
Notes on Accounts	46
Cash Flow Statement	54
Balance Sheet Abstract	56

MADRAS CEMENTS LTD.**FINANCIAL HIGHLIGHTS**

(Rs. in Lacs)

DESCRIPTION	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Sales & Earnings											
Sales & Other Income	41969	48972	52371	51907	62083	70937	63037	69982	74511	101335	158169
Operating Profit	14000	15674	15762	15296	17818	18031	15351	16700	15865	21481	56329
Cash generation	10820	7841	8510	9087	11181	10147	8734	11740	12276	18046	40991
Net profit	7774	3311	3992	4022	4840	3746	2148	4998	5202	8252	33801
Assets Employed											
Net Fixed Assets	61524	65554	64996	75314	95588	100712	98444	93315	98477	100119	125897
Investments	1959	1927	2543	5031	5033	5734	5728	6685	7962	8867	8875
Net Current Assets	7474	12912	9478	11646	12402	10484	10773	9646	14935	9838	22024
TOTAL	70957	80393	77017	91991	113023	116930	114945	109646	121374	118824	156796
Financed by :											
A. Shareholders' Funds											
(a) Equity Shareholders' investment	302	302	302	302	302	302	302	302	302	302	302
(b) Bonus shares	896	896	905	905	905	905	906	906	906	906	906
Reserves and surplus	27707	30171	32508	35587	39234	25003	25275	27397	31840	37792	65275
Deferred Tax Liability	-	-	-	-	-	17110	17962	16620	19230	19580	22580
Total Shareholders' funds (A)	28905	31369	33715	36794	40441	43320	44445	48225	52278	58580	89063
B. Borrowed funds											
Short term borrowings	1697	4251	4591	7165	7795	12545	12195	4490	25982	18354	17231
Foreign Currency loans	5105	2236	765	-	-	2770	9245	18951	1850	-	-
Sales Tax Deferral	1858	2810	5592	7275	8850	10896	13632	17725	22276	28891	37155
Others	33392	39727	32354	40757	55937	47399	35428	20255	18988	12999	13347
Total Borrowings (B)	42052	49024	43302	55197	72582	73610	70500	61421	69096	60244	67733
TOTAL (A)+(B)	70957	80393	77017	91991	113023	116930	114945	109646	121374	118824	156796



FINANCIAL HIGHLIGHTS

DESCRIPTION	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Capacity (Lac tonnes)	18.5	27.5	27.5	34.5	57.5	59.9	59.9	59.9	59.9	59.9	59.9
Production (Lac tonnes)	18.1	23.0	25.8	27.2	26.5	31.8	35.2	37.0	38.0	47.1	56.7
Number of employees	1542	1473	1712	1724	1748	1750	1743	1669	1642	1686	1955
Contribution to Exchequer (Rs. in lacs)	13530	16553	17393	17261	18113	21081	23349	22828	27544	32137	56107
Earnings per share (Rs.)*	638	269	321	324	366	212	107	28	46	65	255
Dividend %	55	55	55	55	55	60	60	75	100	150	250
Dividend payout %	9.41	22.10	18.50	18.36	15.15	19.34	38.05	20.45	26.41	21.95	8.93
P/E ratio	11.75	15.79	11.89	11.24	10.70	20.05	31.45	27.21	21.38	33.29	10.70
Price to book value ratio	3.14	1.64	1.37	1.20	1.26	1.96	1.53	3.22	3.59	6.70	4.96
Operating profit ratio %	33.36	32.01	30.10	29.47	28.70	25.42	24.35	23.86	21.29	21.20	35.61
Gross fixed assets per share (Rs.)	6545	7225	7477	8702	10062	11623	11969	1200	1300	1358	1489
Market price of share (Rs.)*											
(a) High	13000	9200	5020	8640	5574	5150	4435	980	1170	2245	3750
(b) Low	6800	2900	3120	2950	3360	3501	3245	330	595	932	1745
Market capitalisation (Rs. in lacs)	89850	50921	46186	44063	50717	51454	40642	92033	118777	261381	329748
Net worth per share (Rs.)*	2390	2594	2788	3042	3344	2171	2193	237	274	323	550
Debt-Equity Ratio (on long term Borrowings)	1.14	1.13	0.67	0.82	1.09	1.29	1.05	0.80	0.35	0.18	0.12
Current Ratio	1.98	2.53	2.26	2.29	2.05	1.84	1.85	1.65	1.90	1.43	1.56

* Note : 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-divided 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 49th Annual General Meeting of the Company will be held at 10.15 A.M. on Friday, the 27th July, 2007 at P.A.C.R. Centenary Community Hall, Sudarsan Gardens, P.A.C.Ramasamy Raja Salai, Rajapalayam – 626 108, Tamil Nadu to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March 2007 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 2006-2007.
3. To appoint a Director in the place of Dr.A.Ramakrishna, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors 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 Meeting till the conclusion of the next Annual General Meeting on a remuneration of Rs.3,00,000/- (Rupees Three lacs only) each, exclusive of out-of-pocket expenses.”

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification, the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED that subject to Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the Board of Directors of the Company for commencing and undertaking all or any of the businesses specified in the newly introduced Sub-Clauses 17A to 17D in the Objects Clause of the Memorandum of Association of the Company.”

By Order of the Board,
For MADRAS CEMENTS LTD.

Chennai
30-5-2007

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 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 20-7-2007 to 27-7-2007 (both days inclusive);
- (v) The 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 27-7-2007 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 19-7-2007;
- (vi) 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 dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend;
- (vii) 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:

Financial Year Ended	Date of Declaration of Dividend	Last Date for Claiming Unpaid Dividend	Due Date for Transfer to IEP Fund
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
31-03-2004			
Interim Dividend	25-10-2003	24-10-2010	22-11-2010
Final Dividend	28-07-2004	27-07-2011	25-08-2011
31-03-2005			
1 st Interim Dividend	25-08-2004	24-08-2011	22-09-2011
2 nd Interim Dividend	28-01-2005	27-01-2012	25-02-2012
Final Dividend	10-08-2005	09-08-2012	07-09-2012
31-03-2006			
1 st Interim Dividend	29-10-2005	28-10-2012	26-11-2012
2 nd Interim Dividend	30-01-2006	29-01-2013	27-02-2013
Final Dividend	27-07-2006	26-07-2013	24-08-2013

MADRAS CEMENTS LTD.

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

ITEM No.5

The Company is engaged in manufacture of cement.

As a measure of diversification, the Company is considering entering into industries, viz., Sugar & its by-products, Pharmaceuticals, Power, Solar power appliances and Textiles.

These new businesses may be advantageously combined with the present businesses of the Company, especially with the Company's strong administrative and technical abilities and wide marketing network.

The Postal Ballot forms for getting the approval of the Members for inclusion of Sub-Clauses 17A to 17D in the Objects Clause of the Memorandum of Association of the Company are being sent to the Members.

The proposed Sub-Clauses 17A to 17D are reproduced below:

- 17A** "To carry on in India or elsewhere the business to manufacture, produce, process, crush, extract, reclaim, convert, commercialize, control, develop, distribute, derive, treat, grade, manipulate, prepare, promote, supply, import, export, buy, sell, turn to account, and to act as agent, broker, concessionaire, consultant, collaborator, job worker, export house or otherwise to deal in all varieties, colours, dimensions, descriptions, characteristics, applications and uses of sugar including cane sugar, beet sugar, maple sugar, khandsari sugar, etc. in the form of powder, granules, cubes & lumps and its products, by-products, residues, derivatives, formulations, substances & materials including glucose, sucrose, fructose, lactose, maltose, bagasse, molasses, distillery products, confectionaries, chocolates and sugar candy and co-generation by use of by-products or otherwise and to do all incidental acts and things necessary for the attainment of the above objects."
- 17B** "To carry on in India or elsewhere the business to manufacture, produce, process, prepare, treat, disinfect, compound, formulate, mix, concentrate, pack, repack, refine, add, remove, preserve, grade, freeze, distillate, boil, sterilize, improve, extract, buy, sell, resell, import, export, barter, transport, store, forward, distribute, dispose, develop, research, discover, manipulate, market, supply and to act as agent, broker, representative, consultant, collaborator, stockist, liaisoner, middleman, job worker or otherwise to deal in all types, descriptions, specifications, strengths and applications of pharmaceutical and chemical products of medicaments in all its branches such as allopathic, ayurvedic, homeopathic, herbal, unani, siddha, bio-chemical, etc., used for treatment, cure and healthcare of human beings and animals including basic drugs, intermediates, tonics, antibiotics, enzymes, steroids, vitamins, hormones, biological & immunological chemicals, contraceptives, surgical plaster of paris, surgical dressings, belladonna plasters, dressings, bandages, waddings, gauzes, adhesives, belts, sutures, ligatures, rubber goods, vaccines, toxins, ferments, yeasts, medical gases, diagnostic agents, oils and tinctures, medicinal products in all forms such as capsules, tablets, powders, ointments, syrups, injectibles, pills, fluids, granules, sprayers, inhalers, mineral waters, droppers, removers, etc. veterinary medicines, poultry medicines, herbal products, their by-products, intermediates, residues, mixtures, compounds and other allied goods and to do all incidental acts and things necessary for the attainment of the above objects."
- 17C** i) "To carry on in India or elsewhere the business to generate, receive, produce, improve, buy, sell, resell, acquire, use, transmit, accumulate, employ, distribute, develop, handle, protect, supply and to act as agent, broker, representative, consultant, collaborator, or otherwise to deal in electric power in all its branches at such place or places as may be permitted by appropriate authorities by establishment of thermal power plants, hydraulic power plants, atomic power plants, wind power plants, solar power plants and other power plants based on any source of energy as may be developed or invented in future and also to manufacture equipments used therein."