

MADRAS CEMENTS LTD.



ANNUAL REPORT 2007 - 08

## MADRAS CEMENTS LTD.

**Board of Directors**

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

**Shri.RAJEEV RANJAN**, 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**

Bank of Baroda

Bank of Nova Scotia

Canara Bank

HDFC Bank Ltd

ICICI Bank Ltd

IDBI Bank Ltd

ING Vysya Bank

Punjab National Bank

Punjab & Sind Bank

**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

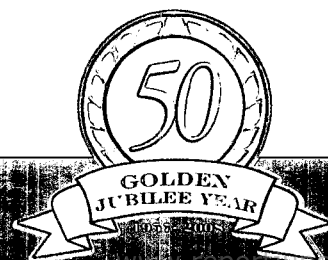
**Auditors**

M/s.M.S.Jagannathan & N.Krishnaswami  
Chartered Accountants  
27, Premier Flats  
Karur Bye-Pass Road  
Tiruchirapalli - 620 002.

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

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## FINANCIAL HIGHLIGHTS

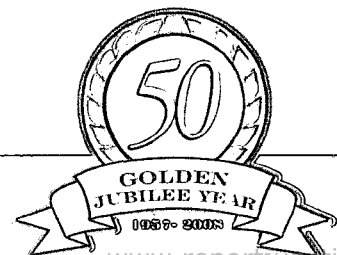
Rs in Lacs

DESCRIPTION	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Sales &amp; Earnings</b>											
Sales & Other Income	48972	52371	51907	62083	70937	63037	69982	74511	101335	158169	202135
Operating Profit	15674	15762	15296	17818	18031	15351	16700	15865	21481	56329	76178
Cash generation	7841	8510	9087	11181	10147	8734	11740	12276	18046	40991	63917
Net profit (Before provision for Deferred Tax)	3311	3992	4022	4840	3746	2148	4998	5202	8252	33801	54590
<b>Assets Employed</b>											
Net Fixed Assets	65554	64996	75314	95588	100712	98444	93315	98477	100119	125897	248262
Investments	1927	2543	5031	5033	5734	5728	6685	7962	8867	8875	8376
Net Current Assets	12912	9478	11646	12402	10484	10773	9646	14935	9838	22024	37772
<b>TOTAL</b>	<b>80393</b>	<b>77017</b>	<b>91991</b>	<b>113023</b>	<b>116930</b>	<b>114945</b>	<b>109646</b>	<b>121374</b>	<b>118824</b>	<b>156796</b>	<b>294910</b>
<b>Financed by :</b>											
<b>A. Shareholders' Funds</b>											
(a) Equity Shareholders' investment	302	302	302	302	302	302	302	302	302	302	297
(b) Bonus shares	896	905	905	905	905	906	906	906	906	906	893
Reserves and surplus	30171	32508	35587	39234	25003	25275	27397	31840	37792	65275	93896
Deferred Tax Liability	-	-	-	-	17110	17962	19620	19230	19580	22580	36260
<b>Total Shareholders' funds (A)</b>	<b>31369</b>	<b>33715</b>	<b>36794</b>	<b>40441</b>	<b>43320</b>	<b>44445</b>	<b>48225</b>	<b>52278</b>	<b>58580</b>	<b>89063</b>	<b>131346</b>
<b>B. Borrowed funds</b>											
Short term borrowings	4251	4591	7165	7795	12545	12195	4490	25982	18354	17231	55130
Foreign Currency loans	2236	765	-	-	2770	9245	18951	1850	-	-	-
Sales Tax Deferral	2810	5592	7275	8850	10896	13632	17725	22276	28891	37155	48906
Long term borrowings	39727	32354	40757	55937	47399	35428	20255	18988	12999	13347	59523
<b>Total Borrowings (B)</b>	<b>49024</b>	<b>43302</b>	<b>55197</b>	<b>72582</b>	<b>73610</b>	<b>70500</b>	<b>61421</b>	<b>69096</b>	<b>60244</b>	<b>67733</b>	<b>163564</b>
<b>TOTAL (A)+(B)</b>	<b>80393</b>	<b>77017</b>	<b>91991</b>	<b>113023</b>	<b>116930</b>	<b>114945</b>	<b>109646</b>	<b>121374</b>	<b>118824</b>	<b>156796</b>	<b>294910</b>

## FINANCIAL HIGHLIGHTS

DESCRIPTION	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Capacity (Lac tonnes)	27.5	27.5	34.5	57.5	59.9	59.9	59.9	59.9	59.9	59.9	70.0
Production (Lac tonnes)	23.0	25.8	27.2	26.5	31.8	35.2	37.0	38.0	47.1	56.7	58.5
Number of employees	1473	1712	1724	1748	1750	1743	1669	1642	1686	1955	2260
Contribution to Exchequer (Rs. in lacs)	16553	17393	17261	18113	21081	23349	22828	27544	32137	56107	60954
Earnings per share (Rs.)*	269	321	324	366	212	107	28	46	65	255	338
Dividend %	55	55	55	55	60	60	75	100	150	250	400
Dividend payout %	22.10	18.50	18.36	15.15	19.34	38.05	20.45	26.41	21.95	8.93	8.80
P/E ratio	15.79	11.89	11.24	10.70	20.05	31.45	27.21	21.38	33.29	10.70	9.91
Price to book value ratio	1.64	1.37	1.20	1.26	1.96	1.53	3.22	3.59	6.70	4.96	4.19
Operating profit ratio %	32.01	30.10	29.47	28.70	25.42	24.35	23.86	21.29	21.20	35.61	37.69
Gross fixed assets per share (Rs.)	7225	7477	8702	10062	11623	11969	1200	1300	1358	1489	2281
Market price of share (Rs.)*											
(a) High	9200	5020	8640	5574	5150	4435	980	1170	2245	3750	5072
(b) Low	2900	3120	2950	3360	3501	3245	330	595	932	1745	2500
Market capitalisation (Rs. in lacs)	50921	46186	44063	50717	51454	40642	92033	118777	261381	329748	398656
Net worth per share (Rs.)*	2594	2788	3042	3344	2171	2193	237	274	323	550	799
Debt-Equity Ratio (on long term Borrowings)	1.27	0.96	1.11	1.38	1.81	1.34	0.71	0.57	0.33	0.20	0.63
Current Ratio	2.53	2.26	2.29	2.05	1.84	1.85	1.65	1.90	1.43	1.56	1.94

- \* 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.



## NOTICE TO THE MEMBERS

Notice is hereby given that the 50<sup>th</sup> Annual General Meeting of the Company will be held at 10.15 A.M. on Monday, the 11<sup>th</sup> August 2008 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 31<sup>st</sup> March 2008 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 2007-2008.
3. To appoint a Director in the place of Mr.R.S.Agarwal, who retires by rotation and is eligible for reappointment.
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.4,00,000/- (Rupees Four lacs only) each, exclusive of out-of-pocket expenses."

### SPECIAL BUSINESS:

5. To increase the borrowing limit.

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

"RESOLVED that in supersession of the resolution passed at the Annual General Meeting held on 9<sup>th</sup> August, 2000 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.3,000 Crores (Rupees Three thousand crores only)."

6. To issue Bonus Shares

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

"RESOLVED -

- i) THAT pursuant to Article 134 of the Articles of Association of the Company and as recommended by the Board, a sum of Rs.11,91,55,190/- (Rupees Eleven crores ninety one lakh fifty five thousand hundred and ninety only) from out of the amounts standing to the credit of the General Reserves of the Company be capitalised and the said amount be applied for paying up in full at par 1,19,15,519 Equity shares of Rs.10/- each in the Capital of the Company to be allotted and distributed as FULLY PAID BONUS SHARES to the holders of 1,19,15,519 Equity shares of the Company in the proportion of one Bonus share for every fully paid Equity share held by such Members as on a date to be determined by the Board of Directors of the Company;
- ii) THAT the Board of Directors of the Company be and is hereby authorised to accept and agree to such terms and conditions, if any required, as may be prescribed or stipulated by the authorities concerned for issue of Bonus shares which the Board may, in its absolute discretion, think fit and proper to accept;
- iii) THAT the bonus shares to be issued as Fully Paid Equity Shares as above are subject to the Memorandum and the Articles of Association of the Company and shall rank in all respects pari passu with the existing Equity shares of the Company, provided however that such new Equity shares shall not be entitled to participate in any dividend declared/to be declared for any year or period prior to the issue of the Bonus shares; but shall be entitled to full Dividend for the financial year in which they are allotted;
- iv) THAT no Allotment Letter shall be issued to the allottees of Bonus shares. With regard to shares held in physical form, Certificates in respect of the new Equity shares shall be issued to the allottees of the bonus shares as aforesaid within three months from the date of allotment thereof. With regard to the shares held in dematerialized form, the bonus shares will be credited to the respective Demat Account of the holders;

- v) THAT allotment and issue of the new Bonus shares to any Non-Resident Member shall be subject to the approval of the Reserve Bank of India under the Foreign Exchange Regulation Act, 1973.
  - vi) THAT the said Bonus Shares shall be treated for all purposes as an increase in the nominal amount of the Capital of the Company held by each such Member and not as income;
  - vii) THAT the Board be and is hereby authorized to apply for Listing of Bonus shares to the Stock Exchanges where the Company's existing shares are listed and to make an application to the Depositories for crediting the Bonus Shares to the individual Depository Accounts of the allottees.
  - viii) THAT subject to the conditions of the Consent or approval of such authorities as may be required to be obtained, the Board be and is hereby authorised to settle any question or difficulty whatsoever which may arise in regard to the issue and allotment of the aforesaid Bonus shares.
7. To sub-divide the Equity shares of the Company.

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

"RESOLVED that each of the existing Equity shares of Rs.10/- in the capital of the Company be sub-divided into 10 shares of Re.1/- each.

RESOLVED FURTHER that Clause V of the Memorandum of Association of the Company be altered as follows:

"The Capital of the Company is Rs.25,00,00,000/- (Rupees Twenty five crores only) and divided into 25,00,00,000 ( Twenty five crores) Equity shares of Re.1/- each."

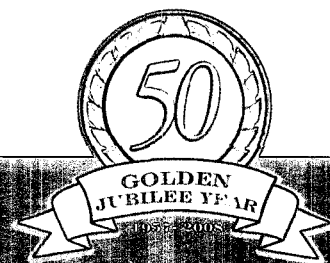
By Order of the Board,  
For MADRAS CEMENTS LTD.

CHENNAI  
30-06-2008

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 Nos.5 to 7 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 05.08.2008 to 11.08.2008 (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 11.08.2008 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 04.08.2008;
- (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 (IEP 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 HEP Fund
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 <sup>st</sup> Interim Dividend	25-08-2004	24-08-2011	22-09-2011
2 <sup>nd</sup> 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 <sup>st</sup> Interim Dividend	29-10-2005	28-10-2012	26-11-2012
2 <sup>nd</sup> Interim Dividend	30-01-2006	29-01-2013	27-02-2013
Final Dividend	27-07-2006	26-07-2013	24-08-2013
31-03-2007			
1 <sup>st</sup> Interim Dividend	30-10-2006	29-10-2013	27-11-2013
2 <sup>nd</sup> Interim Dividend	30-01-2007	29-01-2014	27-02-2014
Final Dividend	27-07-2007	26-07-2014	24-08-2014

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

### Item No. 5

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 9<sup>th</sup> August, 2000 passed an ordinary resolution under the aforesaid section empowering the Board of Directors of the Company to borrow up to Rs.1,500 crores. Approval is sought to raise the same to Rs.3,000 crores to finance the various expansion projects of the Company in future.

Your Directors recommend the resolution for your approval.

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

### Item No. 6

Your Directors considered it appropriate to capitalise Reserves/Surplus of the Company to an extent of Rs.11,91,55,190/- by applying the same for issuing Fully Paid Bonus Shares to the holders of existing Equity shares of the Company in the ratio of 1 : 1. This requires Members' approval at the General Meeting.

The Board of Directors recommended issue of bonus shares in the ratio of 1 : 1 having regard to the guidelines issued by SEBI for issue of Bonus shares and also considering the comfortable profits/reserves position. Your Directors recommend the Resolution for adoption.

The Bonus shares on allotment will rank pari passu with the existing Equity shares of the Company, provided however that such new Equity shares shall not be entitled to participate in any dividend declared/to be declared for any year or period prior to the issue of the Bonus shares; but shall be entitled to full Dividend for the financial year in which they are allotted.

The proposed Bonus Issue is not in lieu of Dividend.

No Allotment Letter will be issued. For shares held in demat mode, the credit for the Bonus shares will be given directly to their demat account. For shares held in physical mode, the certificates for the Bonus shares will be posted to their registered address in due course.

The Bonus Shares are proposed to be listed in Madras Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited subject to approval of the relevant Stock Exchanges and other concerned authorities.

Nominee Directors and other Directors who are holding Equity shares in the Company are deemed to be interested in the Resolution to the extent of their Institutions'/their shareholdings in the Company.

### Item No. 7

Presently the Equity Share Capital of the Company consists of shares of Rs.10/- each (Fully paid). The shares are very thinly traded in the Stock Exchanges. Hence, to improve the liquidity for the shares, it is proposed to sub-divide each Equity share into 10 shares of Re.1/- each.

Under Section 94 of the Companies Act, 1956, an Ordinary Resolution by the shareholders of the Company is necessary for sub-division of the shares.

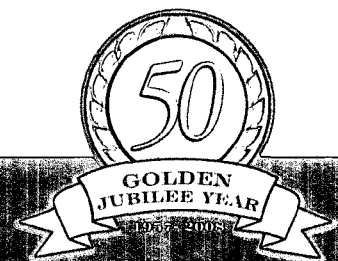
Your Directors recommend the resolution for your approval.

Nominee Directors and other Directors who are holding Equity shares in the Company are deemed to be interested in the Resolution to the extent of their Institutions'/their shareholdings in the Company.

CHENNAI  
30-06-2008

By Order of the Board,  
For MADRAS CEMENTS LTD.

P.R.RAMASUBRAHMANEYA RAJHA  
Chairman & Managing Director





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

### MR. R. S. AGARWAL

Shri.R.S.Agarwal, aged 65 years, was appointed as an Additional Director by the Board of Directors of the Company on 30-01-2006 and thereafter at the AGM held on 27-07-2006, was appointed as a Director, liable to retire by rotation.

Shri.R.S.Agarwal, B.Sc., B.E. (Chemical Engineering) started his career in 1965 and after serving in various capacities with a leading paper mill of Northern India for 9 years and with Industrial Development Bank of India (IDBI) for 28 years, retired as Executive Director of IDBI.

While in service with IDBI, he had dealt with many subjects and projects including

Member of "Satyam Committee" set up by Government of India in 1999-2000 for formulation of policy for textile industry and involvement in preparation of policy notes, detailed guidelines and implementation of "Technology Upgradation Fund (TUF)" introduced by the Ministry of Textiles, Government of India in April 1999.

Preparation of policy paper and guidelines on development of "Special Economic Zone" in the country for the Ministry of Commerce, Government of India in January 2002.

Head of the Infrastructure Finance Department and Project Appraisal Department of IDBI from February 1999 to March 2002, during which period about 30 large size power projects in the range of 250 MW to 500 MW were evaluated and sanctioned assistance by IDBI.

He holds 20 shares in Madras Cements Ltd.

He is a Member in the Board of Directors of the following Companies :-

Torrent Cables Ltd.

Surya Lakshmi Cotton Mills Ltd.

Surya Lata Spinning Mills Ltd.

GVK Jaipur Expressway Ltd.

Elegant Marbles & Grani Industries Ltd.

Unimerse India Ltd

Deccan Cements Ltd

MRC Ltd

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

## DIRECTORS' REPORT

Your Directors have pleasure in presenting their 50<sup>th</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2008.

## FINANCIAL RESULTS

	Year ended 31-03-2008 (Rs. in lacs)	Year ended 31-03-2007 (Rs. in lacs)
Operating Profit: Profit before Interest,		
Depreciation and Tax (PBIDT)	76176	56349
Less: Interest	5170	2283
Profit before Depreciation and Tax (PBDT)	71006	54066
Less: Depreciation	9327	7190
	61679	46876
Add: Prior period & extraordinary items (net)	1	(-)19
Net Profit before Tax	61680	46857
Less: Provision for Tax		
Current Tax	6971	12950
Deferred Tax	13761	3000
Fringe Benefit Tax	120	105
Net Profit After Tax	40828	30802
Add: Balance Profit from last year	1979	1670
	42807	32472
Add: Debenture Redemption Reserve written back	990	990
Surplus for Appropriation	43797	33462
Appropriations:		
1. Transfer to General Reserve	36000	28000
2. 1 <sup>st</sup> Interim Dividend	1210	907
3. 2 <sup>nd</sup> Interim Dividend	1209	907
4. Golden Jubilee Dividend	1192	
5. Final Dividend	1192	1209
6. Tax on Dividends	816	460
Balance carried over to Balance Sheet	2178	1979
TOTAL	43797	33462

