

Madras Cements Ltd.

Annual Report

2008-2009





*Chairman & Managing Director,
Shri P.R. Ramasubrahmaneya Rajha and
Director, Shri P.R. Venketrana Raja meeting
Honourable Deputy Chief Minister of Tamil Nadu,
Shri M.K. Stalin.*

*Chairman & Managing Director,
Shri P.R. Ramasubrahmaneya Rajha
meeting Honourable Chief Minister
of Andhra Pradesh,
Dr. Y.S. Rajasekhara Reddy.*



A view of the Ariyalur Plant.



MADRAS CEMENTS LTD.

Board of Directors

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

Shri G. SANTHANAM, I.A.S.,
Nominee of Government of Tamil Nadu

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

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

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

Bankers

Axis Bank Ltd.
Bank of Baroda
Bank of Nova Scotia
Canara Bank
Corporation Bank
HDFC Bank Ltd.
ICICI Bank Ltd.
IDBI Bank Ltd.
ING Vysya Bank
Punjab & Sind Bank
Standard Chartered Bank
State Bank of Patiala
Syndicate Bank
Tamilnad Mercantile Bank Ltd.
Union Bank of India

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 Bypass Road
Tiruchirappalli - 620 002.

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

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MADRAS CEMENTS LTD.**FINANCIAL HIGHLIGHTS**

(Rs. in Lacs)

DESCRIPTION	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Sales & Earnings											
Sales & Other Income	52371	51907	62083	70937	63037	69982	74511	101335	158169	202135	254547
Operating Profit	15762	15296	17818	18031	15351	16700	15865	21481	56329	76177	79315
Cash generation	8510	9087	11181	10147	8734	11740	12276	18046	40991	63917	62853
Net profit (Before provision for Deferred Tax)	3992	4022	4840	3746	2148	4998	5202	8252	33801	54589	49081
Assets Employed											
Net Fixed Assets	64996	75314	95588	100712	98444	93315	98477	100119	125897	248262	363505
Investments	2543	5031	5033	5734	5728	6685	7962	8867	8875	8876	8862
Net Current Assets	9478	11646	12402	10484	10773	9646	14935	9838	22024	37772	47341
TOTAL	77017	91991	113023	116930	114945	109646	121374	118824	156796	294910	419708
Financed by :											
A. Shareholders' Funds											
(a) Equity Shareholders' investment	302	302	302	302	302	302	302	302	302	297	297
(b) Bonus shares	905	905	905	905	906	906	906	906	906	893	2083
Reserves and surplus	32508	35587	39234	25003	25275	27397	31840	37792	65275	93896	121994
Deferred Tax Liability	—	—	—	17110	17962	19620	19230	19580	22580	36260	48989
Total Shareholders' funds (A)	33715	36794	40441	43320	44445	48225	52278	58580	89063	131346	173363
B. Borrowed funds											
Short term borrowings	4591	7165	7795	12545	12195	4490	25982	18354	17231	55130	35987
Foreign Currency loans	765	—	—	2770	9245	18951	1850	—	—	—	—
Sales Tax Deferral	5592	7275	8850	10896	13632	17725	22276	28891	37155	48906	57833
Long term borrowings	32354	40757	55937	47399	35428	20255	18988	12999	13347	59528	152525
Total Borrowings (B)	43302	55197	72582	73610	70500	61421	69096	60244	67733	163564	246345
TOTAL (A)+(B)	77017	91991	113023	116930	114945	109646	121374	118824	156796	294910	419708



FINANCIAL HIGHLIGHTS

DESCRIPTION	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Capacity (Lac tonnes)	27.5	34.5	57.5	59.9	59.9	59.9	59.9	59.9	59.9	79.9	100
Production (Lac tonnes)	25.8	27.2	26.5	31.8	35.2	37.0	38.0	47.1	56.7	58.5	65.26
Number of employees	1712	1724	1748	1750	1743	1669	1642	1686	1955	2260	2447
Contribution to Exchequer (Rs. in lacs)	17393	17261	18113	21081	23349	22828	27544	32137	56107	60954	71110
Earnings per share (Rs.)*	321	324	366	212	107	28	46	65	255	338	15
Dividend %	55	55	55	60	60	75	100	150	250	400	200
Dividend payout %	18.50	18.36	15.15	19.34	38.05	20.45	26.41	21.95	8.93	8.80	9.71
P/E ratio	11.89	11.24	10.70	20.05	31.45	27.21	21.38	33.29	10.70	9.91	4.68
Price to book value ratio	1.37	1.20	1.26	1.96	1.53	3.22	3.59	6.70	4.96	4.19	1.37
Operating profit ratio %	30.10	29.47	28.70	25.42	24.35	23.86	21.29	21.20	35.61	37.69	31.16
Gross fixed assets per share (Rs.)	7477	8702	10062	11623	11969	1200	1300	1358	1489	2281	165
Market price of share (Rs.)*											
(a) High	5020	8640	5574	5150	4435	980	1170	2245	3750	5072	198
(b) Low	3120	2950	3360	3501	3245	330	595	932	1745	2500	55
Market capitalisation (Rs. in lacs)	46186	44063	50717	51454	40642	92033	118777	261381	329748	398656	170029
Net worth per share (Rs.)*	2788	3042	3344	2171	2193	237	274	323	550	799	52
Debt-Equity Ratio (on long term Borrowings)	0.96	1.11	1.38	1.81	1.34	0.71	0.57	0.33	0.20	0.63	1.23
Current Ratio	2.26	2.29	2.05	1.84	1.85	1.65	1.90	1.43	1.56	1.94	2.08

* Note : 1. Bonus shares were issued in the ratio of 1:1 in 1992-93, 1994-95 and 2008-09

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 and further sub-divided into 10 shares of Rs.1/- each with effect from 11.10.2008.

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

Notice is hereby given that the 51st Annual General Meeting of the Company will be held at 10.15 A.M. on Wednesday, the 5th August 2009 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 2009 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 2008-2009.
3. To appoint a Director in the place of Shri.P.R.Venketrama Raja, 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.5,00,000/- (Rupees Five lakhs 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 Shri.P.R.Ramasubrahmaneya Rajha be and is hereby reappointed pursuant to Section 269 and other applicable provisions of Companies Act, 1956 as Managing Director of the Company, at a remuneration equivalent to 5% of the net profits of the Company, for a further period of 5 years with effect from 2.4.2010 to manage the entire business and affairs of the Company subject to the superintendence, control and directions of the Board.

RESOLVED Further that the Remuneration Committee be and is hereby authorised to fix the quantum and periodicity of the remuneration payable to the Managing Director subject however the annual remuneration does not exceed 5% of the net profits of the Company in an accounting year.

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.”

Chennai
29-5-2009

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 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 30.7.2009 to 5.8.2009 (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 5.8.2009 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 29.7.2009;
- (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
31-03-2002	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 Final Dividend	25-10-2003 28-07-2004	24-10-2010 27-07-2011	22-11-2010 25-08-2011
31-03-2005 1 st Interim Dividend 2 nd 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 1 st Interim Dividend 2 nd 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 1 st Interim Dividend 2 nd 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 1 st Interim Dividend 2 nd 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

MADRAS CEMENTS LTD.

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

Item No. 5

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 lac tonnes per annum. Under his leadership, the Company has now grown with Cement Plants at 5 different locations in three States with an aggregate grinding capacity poised to reach 11 million tonnes per annum and with diversification in Wind Energy, Ready Mix and Dry Mix products. The Company's net worth has increased to Rs.1244 Crores with a turnover of Rs.2546 Crores. The Company has a record of consistent profit and declaration of dividend. The Company has grown to be the largest cement manufacturer in South India and one of the most profitable companies in the Cement Industry.

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 2.4.2010 to 1.4.2015 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 reappointment and the remuneration payable are set out in the Resolution. There is no change in the remuneration proposed for the reappointment.

The reappointment and the remuneration proposed fulfil the conditions stipulated in Schedule XIII of the Companies Act, 1956 and hence approval of the Central Government is not required.

As the Managing Director had attained the age of 70 years, his reappointment 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 are set out in the resolution. The Remuneration Committee has passed necessary Resolution at its Meeting held on 28.5.2009 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 Annual 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.

By Order of the Board,
For MADRAS CEMENTS LTD.,

P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director

Chennai
29-5-2009



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

SHRI P.R. VENKETRAMA RAJA

Shri.P.R.Venketrma Raja, aged 50, has a Bachelor's Degree in Chemical Engineering from University of Madras and Masters in Business Administration from University of Michigan, USA.

He has been on the Board of Madras Cements Ltd. since 1985.

He is a Member in the following Committees of the Company:

- a) Audit Committee
- b) Project Management Committee
- c) Share/Debenture Committee
- d) Investors Grievances Committee

He holds 9,28,800 shares in the Company.

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

He is also a Director in the following Companies:-

1. Ramco Industries Limited (Vice Chairman & Managing Director)
2. Ramco Systems Limited (Vice Chairman & Managing Director)
3. Rajapalayam Mills Limited.
4. The Ramaraju Surgical Cotton Mills Limited.
5. Thanjavur Spinning Mill Limited.
6. Sri Vishnu Shankar Mill Ltd.
7. Sandhya Spinning Mill Ltd.
8. Sri Sandhya Farms (India) Pvt. Ltd.
9. Sri Saradha Deepa Farms Private Ltd.
10. Ramamandiram Agricultural Estate Private Ltd.
11. Nalina Agricultural Farms Private Ltd.
12. Sudharsanam Investments Ltd.
13. Ramco Systems Corporation, USA
14. Ramco Systems Ltd., Switzerland
15. Ramco Systems Sdn Bhd., Malaysia
16. Ramco Systems Pte. Ltd., Singapore
17. Sri Ramco Lanka (Private) Limited, Sri Lanka
18. RCDC Securities and Investments Private Ltd.
19. Nirmala Shankar Farms & Estates Private Ltd.
20. Sri Nithyalakshmi Farms Private Ltd.
21. Ram Sandhya Farms Private Ltd.
22. RSL Enterprise Solutions (Pty) Ltd., South Africa
23. Sri Harini Textiles Limited
24. Ramco Systems Australia Pty Ltd

MADRAS CEMENTS LTD.**DIRECTORS' REPORT**

Your Directors have pleasure in presenting their 51st Annual Report and the Audited Accounts of the Company for the year ended 31st March 2009.

FINANCIAL RESULTS

	Year ended 31-3-2009 (Rs. in lacs)	Year ended 31-3-2008 (Rs. in lacs)
Operating Profit: Profit before Interest, Depreciation and Tax (PBITD)	79350	76176
Less: Interest	11001	5170
Profit before Depreciation and Tax (PBDT)	68349	71006
Less: Depreciation	13772	9327
	54577	61679
Less: Prior period & extraordinary items (net)	35	(-) 1
Net Profit before Tax	54542	61680
Less: Provision for Tax		
Current Tax	5320	6971
Deferred Tax	12729	13761
Fringe Benefit Tax	141	120
Net Profit After Tax	36352	40828
Add: Balance Profit from last year	2178	1979
	38530	42807
Add: Debenture Redemption Reserve written back	1020	990
Proposed dividend written back	1	—
Surplus for Appropriation	39551	43797
Appropriations:		
1. Transfer to General Reserve	31000	36000
2. 1 st Interim Dividend	2383	1210
3. 2 nd Interim Dividend	—	1209
4. Golden Jubilee Dividend	—	1192
5. Final Dividend	2383	1192
6. Tax on Dividends	810	816
Balance carried over to Balance Sheet	2975	2178
TOTAL	39551	43797