

Madras Cements Ltd.

Annual Report

2009-2010





Chairman, Shri P.R. Ramasubrahmaneya Rajha presenting a cheque for Rs. 1 crore to the Honourable Chief Minister of Andhra Pradesh, Shri K. Rosaiah for Andhra Pradesh Chief Minister's Relief Fund.



National Level Award for Environmental Excellence in limestone mining for the year 2007-08 instituted by National Council for Cement and Building Materials, being awarded to Alathiyur Plant.



MADRAS CEMENTS LTD.

Board of Directors

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

Shri G.SUNDARAMURTHI, 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.,

Shri M.B.N.Rao, B.Sc.(Agri).

Bankers

Axis Bank Ltd
Bank of Baroda
Bank of Nova Scotia
Corporation Bank
Dhanlaxmi Bank Ltd
HDFC Bank Ltd
ICICI Bank Ltd
IDBI Bank Ltd
ING Vysya Bank Ltd
Kotak Mahindra Bank Ltd
Punjab & Sind Bank
Standard Chartered Bank
State Bank of Patiala
Syndicate Bank
Tamilnad Mercantile Bank Ltd
The Hongkong and Shanghai
Banking Corporation 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
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	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Sales & Earnings											
Sales & Other Income	51900	62083	70937	63037	69982	74511	101335	158169	202135	247123	282125
Operating Profit	15199	17722	17898	15495	16712	16043	21552	56350	76176	79349	87729
Cash generation	8420	9706	9841	8549	11325	11536	14771	40992	63916	62852	64497
Profit after tax	3783	4433	2566	1296	3340	5592	7902	30802	40829	36352	35368
Assets Employed											
Net Fixed Assets	75314	95588	100684	98444	93315	98477	100119	125897	248262	363505	401022
Investments	5031	5033	5734	5728	6685	7962	8867	8875	8876	8861	8874
Net Current Assets	11646	12402	10513	10773	9647	14934	9838	22024	37773	47342	58942
TOTAL	91991	113023	116931	114945	109647	121373	118824	156796	294911	419708	468838
Financed by											
Equity Shareholders' Investment	302	302	302	302	302	302	302	302	298	298	298
Bonus shares	905	905	905	905	905	905	905	905	892	2082	2082
Reserves and surplus	35587	39234	25004	25276	27398	31839	37793	65276	93897	121994	151297
Shareholders' Funds (A)	36794	40441	26211	26483	28605	33046	39000	66483	95087	124374	153677
Short term borrowings	7186	7812	12545	12195	4490	25982	13597	17231	55130	35987	27314
Sales Tax Deferral	7275	8850	10896	13632	17725	22276	28891	37155	48906	57833	61884
Long term borrowings	40736	55920	50169	44673	39207	20839	17756	13347	59528	152525	167453
Borrowings (B)	55197	72582	73610	70500	61422	69097	60244	67733	163564	246345	256651
Deferred Tax Liability (C)	—	—	17110	17962	19620	19230	19580	22580	36260	48989	58510
TOTAL (A)+(B)+(C)	91991	113023	116931	114945	109647	121373	118824	156796	294911	419708	468838



FINANCIAL HIGHLIGHTS

DESCRIPTION	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Cement											
Capacity (Lac tonnes)	34.5	57.5	59.9	59.9	59.9	59.9	59.9	59.9	79.9	99.9	104.9
Production (Lac tonnes)	27.2	26.5	31.8	35.2	37.0	38.0	47.1	56.7	58.5	65.3	80.3
Windfarm											
Capacity (MW)	33.21	33.21	33.21	33.21	33.21	34.44	45.84	63.79	136	181.59	185.59
Generation (Lac units)	560	483	490	455	485	445	378	657	1426	2611	4116
Number of employees	1724	1748	1750	1743	1669	1642	1686	1955	2260	2447	2583
Contribution to Exchequer (Rs. in lacs)	17261	18113	21081	23349	22828	27544	32137	56107	60954	71110	80933
Face value per share (Rs.)	100	100	100	100	10	10	10	10	10	1	1
Earnings per share (Rs.)	313	367	213	107	28	46	65	255	343	15	15
Dividend per share (Rs.)	55	55	60	60	7.50	10	15	25	40	2	2
Dividend payout (Rs. in lacs)	665	665	726	726	907	1210	1814	3024	4803	4766	4766
Dividend payout %	18	15	28	56	27	22	23	10	12	13	13
P/E ratio	12.34	11.84	20.06	31.35	27.56	21.16	33.08	10.70	9.76	4.68	8.19
Price to book value ratio	1.27	1.30	1.96	1.53	3.22	3.58	6.70	4.96	4.19	1.37	1.89
Operating profit ratio %	29.29	28.55	25.23	24.58	23.88	21.53	21.27	35.63	37.69	32.11	31.10
Gross fixed assets per share (Rs.)	8456	10062	11618	11969	1200	1300	1358	1489	2281	165	202
Market price of share (Rs.)											
(a) High	8640	5574	5150	4435	980	1170	2245	3750	5072	198	140
(b) Low	2950	3360	3501	3245	330	595	932	1745	2500	55	70
(c) As on 31 st March	3865	4345	4263	3365	762	980	2164	2730	3349	71	122
Market capitalisation (Rs. in lacs)	46672	52468	51478	40642	92033	118362	261365	329725	398620	170029	289728
Net worth per share (Rs.)	3047	3349	2171	2193	237	274	323	550	799	52	65
Debt-Equity Ratio (on long term Borrowings)	1.11	1.38	1.91	1.69	1.37	0.63	0.46	0.20	0.63	1.23	1.09
Current Ratio	2.29	2.05	1.85	1.85	1.65	1.90	1.43	1.56	1.94	2.08	2.08

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

MADRAS CEMENTS LTD.

NOTICE TO THE MEMBERS

Notice is hereby given that the 52nd Annual General Meeting of the Company will be held at 10.15 A.M. on Monday, the 2nd August 2010 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 2010 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 2009-2010.
3. To appoint a Director in the place of Dr.A.Ramakrishna 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 an ORDINARY RESOLUTION:

“RESOLVED that Shri.M.B.N.Rao who has been appointed as Additional Director and holds office until this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation.”

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 11th August, 2008 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.5,000 Crores (Rupees Five thousand crores only).”

Chennai
24-5-2010

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 Items 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 27.7.2010 to 2.8.2010 (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 2.8.2010 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 26.7.2010;
- (vi) The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend. Accordingly, dividend will be credited through National Electronic Clearing Service (NECS) to investors wherever NECS and bank details are available. In the absence of NECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. The Company is in compliance with SEBI's directive in this regard;
- (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 IEP 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 IEP Fund. The details of due dates for transfer of such unclaimed dividend to the said IEP Fund are:

Financial Year Ended	Date of Declaration of Dividend	Last Date for Claiming Unpaid Dividend	Due Date for Transfer to IEP Fund
31-03-2003	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
31-03-2009 Interim Dividend Final Dividend	29-01-2009 05-08-2009	28-01-2016 04-08-2016	26-02-2016 02-09-2016

MADRAS CEMENTS LTD.

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

Item No. 5

Shri.M.B.N.Rao, aged 61 years, was appointed as an Additional Director by the Board of Directors of the Company on 5.8.2009. He holds office till the date of the Annual General Meeting. Under Section 257(1) of the Companies Act, 1956, a notice in writing has been received from a Member signifying his intention to propose the appointment of Shri.M.B.N.Rao as a Director at the Annual General Meeting.

Shri.Rao, a graduate in Agriculture holds Diploma in Computer Studies from University of Cambridge and National Computing Centre, London and Certificate in Industrial Finance.

He started his Banking career in the year 1970 when he joined Indian Bank as a Probationary Officer. He had handled various assignments in the Banking Industry in India and Overseas and rose to become the Chairman and Managing Director of Indian Bank and later Chairman & Managing Director of Canara Bank, from where he retired.

He had visited USA, UK, Germany, France, Switzerland, Spain, Malaysia, Philippines, Thailand, Hong Kong and China in connection with multifarious responsibilities assigned to him.

He holds no shares in Madras Cements Ltd.

Shri.Rao is also a Director in the following Companies:-

1. BEML Ltd
2. Mahindra & Mahindra Financial Services Ltd
3. E.I.D. Parry Ltd
4. TAJ GVK Hotels & Resorts Ltd
5. Electrosteel Castings Ltd
6. Franklin Templeton Asset Management (India) Pvt Ltd
7. MMTC – PAMP India Pvt Ltd
8. Sadashiva Sugars Ltd

None of the Directors except Shri.M.B.N. Rao is deemed to be interested in this Resolution.

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 any specific purpose.

The members of the Company at the Annual General Meeting held on 11th August, 2008 passed an ordinary resolution under the aforesaid section empowering the Board of Directors of the Company to borrow up to Rs.3,000 crores. Approval is sought to raise the same to Rs.5,000 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.

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

Chennai
24-5-2010

P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director



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

Dr. A. RAMAKRISHNA

Dr. A. Ramakrishna, aged 70, is a professional in Civil and Structural Engineering. He started his career in 1962 with Engineering Construction Corporation (ECC) Limited, a subsidiary of L&T. After serving in various capacities, he was inducted into the Board of Directors of L&T in 1992 and retired as President and Deputy Managing Director.

He has been on the Board of Madras Cements Ltd. since 2005.

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

- a) Audit Committee
- b) Remuneration Committee
- c) Project Management Committee

He holds 80,200 shares in Madras Cements Ltd.

He is also a Director in the following Companies:-

1. Ramco Industries Limited
2. KCP Limited
3. The Andhra Sugars Limited
4. Andhra Petrochemicals Limited
5. TAJ GVK Hotels and Resorts Limited
6. SPEL Semiconductor Limited
7. GVK Industries Limited
8. GVK Power & Infrastructure Limited
9. GVK Gautami Power Limited
10. Teesta Urja Limited
11. Brigade Enterprises Limited
12. International Infrastructure Consultants Private Limited
13. Mumbai International Airport Private Ltd
14. GVK Jaipur Expressway Private Limited

None of the Directors except Dr.A.Ramakrishna is deemed to be interested in this Resolution.

MADRAS CEMENTS LTD.

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 52nd Annual Report and the Audited Accounts of the Company for the year ended 31st March 2010.

FINANCIAL RESULTS

	Year ended 31-3-2010 (Rs. in lacs)	Year ended 31-3-2009 (Rs. in lacs)
Operating Profit: Profit before Interest, Depreciation and Tax (PBIDT)	87729	79350
Less: Interest	15088	11001
Profit before Depreciation and Tax (PBDT)	72641	68349
Less: Depreciation	19608	13772
	53033	54577
Add: Extraordinary items	11	(-)35
Net Profit before Tax	53044	54542
Less: Provision for Tax		
Current Tax	8155	5320
Deferred Tax	9521	12729
Fringe Benefit Tax	—	141
Net Profit After Tax	35368	36352
Add: Balance Profit from last year	2974	2178
	38342	38530
Add: Debenture Redemption Reserve written back	—	1020
Proposed dividend written back	—	1
Surplus for Appropriation	38342	39551
Appropriations:		
1. Transfer to General Reserve	27500	31000
2. Interim Dividend	3575	2383
3. Final Dividend	1191	2383
4. Tax on Dividends	806	811
Balance carried over to Balance Sheet	5270	2974
TOTAL	38342	39551