Madras Cements Ltd.

Annual Report

2010-2011

Chairman & Managing Director, Shri.P.R.Ramasubrahmaneya Rajha receiving the "Pride of South Tamil Nadu 2010" award from Shri.P.Chidambaram, Honourable Union Minister for Home, instituted by Velammal Educational Trust.

Shri.P.B.Gopalakrishna, Sr. Vice President – Mfg receiving the Quality Movement Award from Shri.Sridhar Babu, Honourable Minister for Higher Education & NRI Affairs, Government of Andhra Pradesh, instituted by Quality Circle Forum of India.

MADRAS CEMENTS LTD.

Board of Directors

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

Shri G. SUNDARAMURTHI, I.A.S., (Retd.)
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 Maharashtra
Bank of Nova Scotia
Canara Bank
Citi Bank
Deutsche Bank
Dhanlaxmi Bank Ltd
HDFC Bank Ltd
ICICI Bank Ltd
IDBI Bank Ltd
Indusind Bank Ltd
ING Vysya Bank Ltd
Kotak Mahindra Bank Ltd
Punjab & Sind Bank
Standard Chartered Bank
State Bank of Patiala
Tamilnad Mercantile Bank Ltd
The Hongkong and Shanghai
Banking Corporation 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
Unit-5, Ground Floor
Abirami Apartments, No. 14, VOC Road
Cantonment
Tiruchirappalli - 620 001.

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

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MADRAS CEMENTS LTD.

FINANCIAL HIGHLIGHTS

DESCRIPTION	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Sales & Earnings											
Sales & Other Income	62083	70937	63037	69982	74511	101335	158169	202135	247123	282125	264471
Operating Profit	17722	17898	15495	16712	16043	21552	56350	76176	79349	87729	65724
Cash Generation	9706	9841	8549	11325	11536	14771	40992	63916	62852	64497	43563
Profit After Tax	4433	2566	1296	3340	5592	7902	30802	40829	36352	35368	21098
Assets Employed											
Net Fixed Assets	95588	100684	98444	93315	98477	100119	125897	248262	363505	401022	448938
Investments	5033	5734	5728	6685	7962	8867	8875	8876	8861	8874	8883
Net Current Assets	12402	10513	10773	9647	14934	9838	22024	37773	47342	58942	50881
TOTAL	**113023**	**116931**	**114945**	**109647**	**121373**	**118824**	**156796**	**294911**	**419708**	**468838**	**508702**
Financed by											
Equity Shareholders' Investment	302	302	302	302	302	302	302	298	298	298	298
Bonus Shares	905	905	905	905	905	905	905	892	2082	2082	2082
Reserves and Surplus	39234	25004	25276	27398	31839	37793	65276	93897	121994	151297	168306
Shareholders' Funds (A)	**40441**	**26211**	**26483**	**28605**	**33046**	**39000**	**66483**	**95087**	**124374**	**153677**	**170685**
Short Term Borrowings	7812	12545	12195	4490	25982	13597	17231	55130	35987	27314	20670
Sales Tax Deferral	8850	10896	13632	17725	22276	28891	37155	48906	57833	61884	60388
Long Term Borrowings	55920	50169	44673	39207	20839	17756	13347	59528	152525	167453	198058
Borrowings (B)	**72582**	**73610**	**70500**	**61422**	**69097**	**60244**	**67733**	**163564**	**246345**	**256651**	**279117**
Deferred Tax Liability (C)	**–**	**17110**	**17962**	**19620**	**19230**	**19580**	**22580**	**36260**	**48989**	**58510**	**58900**
TOTAL (A)+(B)+(C)	**113023**	**116931**	**114945**	**109647**	**121373**	**118824**	**156796**	**294911**	**419708**	**468838**	**508702**

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FINANCIAL HIGHLIGHTS

DESCRIPTION	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Cement											
Capacity (lac tonnes)	57.5	59.9	59.9	59.9	59.9	59.9	59.9	79.9	99.9	104.9	104.9
Production (lac tonnes)	26.5	31.8	35.2	37.0	38.0	47.1	56.7	58.5	65.3	80.3	73.0
Windfarm											
Capacity (MW)	33.21	33.21	33.21	33.21	34.44	45.84	63.79	136	181.59	185.59	159.19
Generation (lac units)	483	490	455	485	445	378	657	1426	2611	4115	3572
Number of employees	1748	1750	1743	1669	1642	1686	1955	2260	2447	2583	2593
Contribution to Exchequer (Rs. in lacs)	18113	21081	23349	22828	27544	32137	56107	60954	71110	80933	83932
Face value per share (Rs.)	100	100	100	10	10	10	10	10	1	1	1
Earnings per share (Rs.)	367	213	107	28	46	65	255	343	15	15	9
Dividend per share (Rs.)	55	60	60	7.50	10	15	25	40	2	2	1.25
Dividend payout (Rs. in lacs)	665	726	726	907	1210	1814	3024	4803	4766	4766	2979
Dividend payout %	15	28	56	27	22	23	10	12	13	13	14
P/E ratio	11.84	20.06	31.35	27.56	21.16	33.08	10.70	9.76	4.68	8.19	11.5
Price to book value ratio	1.30	1.96	1.53	3.22	3.58	6.70	4.96	4.19	1.37	1.89	1.42
Operating profit ratio %	28.55	25.23	24.58	23.88	21.53	21.27	35.63	37.69	32.11	31.10	24.85
Gross fixed assets per share (Rs.)	10062	11618	11969	1200	1300	1358	1489	2281	165	202	221
Market price of share (Rs.)											
(a) High	5574	5150	4435	980	1170	2245	3750	5072	198	140	134
(b) Low	3360	3501	3245	330	595	932	1745	2500	55	70	85
(c) As on 31st March	4345	4263	3365	762	980	2164	2730	3349	71	122	102
Market capitalisation (Rs. in lacs)	52468	51478	40642	92033	118362	261365	329725	398620	170029	289728	242610
Net worth per share (Rs.)	3349	2171	2193	237	274	323	550	799	52	65	72
Debt-Equity Ratio (on long term borrowings)	1.38	1.91	1.69	1.37	0.63	0.46	0.20	0.63	1.23	1.09	1.14
Current Ratio	2.05	1.85	1.85	1.65	1.90	1.43	1.56	1.94	2.08	2.08	1.86

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

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NOTICE TO THE MEMBERS

Notice is hereby given that the 53rd Annual General Meeting of the Company will be held at 10.15 A.M. on Wednesday, the 10th August 2011 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 2011 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 2010-2011.
3. To appoint a Director in the place of Shri.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.6,00,000/- (Rupees Six lacs only) each, exclusive of out-of-pocket expenses."

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

Chennai
25-5-2011

P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director

NOTES:

(i) 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;

(ii) 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;

(iii) The Register of Members and the Share Transfer Books of the Company will remain closed from 4-8-2011 to 10-8-2011 (both days inclusive);

(iv) 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 10-8-2011 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 3-8-2011. The dividend will be payable on and from 10-8-2011;

(v) 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;

(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.

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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
31-03-2004			
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			
1st Interim Dividend	25-08-2004	24-08-2011	22-09-2011
2nd 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			
1st Interim Dividend	29-10-2005	28-10-2012	26-11-2012
2nd 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			
1st Interim Dividend	30-10-2006	29-10-2013	27-11-2013
2nd Interim Dividend	30-01-2007	29-01-2014	27-02-2014
Final Dividend	27-07-2007	26-07-2014	24-08-2014
31-03-2008			
1st Interim Dividend	23-10-2007	22-10-2014	20-11-2014
2nd Interim Dividend	31-01-2008	30-01-2015	28-02-2015
Final Dividend	11-08-2008	10-08-2015	08-09-2015
31-03-2009			
Interim Dividend	29-01-2009	28-01-2016	26-02-2016
Final Dividend	05-08-2009	04-08-2016	02-09-2016
31-03-2010			
Interim Dividend	27-10-2009	26-10-2016	24-11-2016
Final Dividend	02-08-2010	01-08-2017	30-08-2017

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

Chennai
25-5-2011

P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director

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

Shri.R.S.AGARWAL

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 has been on the Board of Madras Cements Ltd. since 2006.

He holds 45 shares in Madras Cements Ltd.

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

1. Ramco Industries Limited
2. Ramco Systems Limited
3. Surya Lakshmi Cotton Mills Limited
4. Surya Lata Spinning Mills Limited
5. GVK Jaipur Expressway Private Limited
6. Elegant Marbles & Grani Industries Limited
7. Unimerse India Limited
8. Deccan Cements Limited
9. NRC Limited
10. Videocon Industries Limited
11. Liberty Videocon General Insurance Company Limited

He is the Chairman of the Audit Committee and Remuneration Committee in Madras Cements Ltd., and Ramco Industries Limited.

He is also the Member of the Audit Committee in Surya Lakshmi Cotton Mills Ltd., Surya Lata Spinning Mills Ltd., GVK Jaipur Expressway Pvt Ltd., Elegant Marbles & Grani Industries Ltd., Unimerse India Ltd., NRC Ltd. and Videocon Industries Ltd.

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

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DIRECTORS' REPORT

Your Directors have pleasure in presenting their 53rd Annual Report and the Audited Accounts of the Company for the year ended 31st March 2011.

FINANCIAL RESULTS

	Year ended 31-3-2011 (Rs. in lacs)	Year ended 31-3-2010 (Rs. in lacs)
Operating Profit: Profit before Interest, Depreciation and Tax (PBIDT)	**65724**	87729
Less: Interest	**13928**	15088
Profit before Depreciation and Tax (PBDT)	**51796**	72641
Less: Depreciation	**22077**	19608
	29719	53033
Add: Extraordinary items	**7**	11
Net Profit before Tax	**29726**	53044
Less: Provision for Tax		
Current Tax	**8238**	8155
Deferred Tax	**390**	9521
Net Profit After Tax	**21098**	35368
Add: Balance Profit from last year	**5270**	2974
Surplus for Appropriation	**26368**	38342
Appropriations:		
1. Transfer to General Reserve	**17500**	27500
2. Interim Dividend	**–**	3575
3. Final Dividend	**2979**	1191
4. Tax on Dividends	**483**	806
Balance carried over to Balance Sheet	**5406**	5270
TOTAL	**26368**	38342

SHARE CAPITAL

The paid up capital of the Company is Rs.23,79,69,380/- consisting of 23,79,69,380 shares of Rs.1/- each.

DIVIDEND

Your Directors have pleasure in recommending a dividend of Rs.1.25 per share on the equity capital of the Company, as against Rs.2.00 per share for the previous year. The dividend for the year amounts to Rs.29.79 crores as against Rs.47.66 crores for the previous year.

TAXATION

An amount of Rs.82.38 crores towards Current Tax, Rs.3.90 crores towards Deferred Tax and Rs.4.83 crores towards Dividend Tax has been provided for the year under review.

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MANAGEMENT DISCUSSION & ANALYSIS REPORT

CEMENT DIVISION

	2010-2011 (In lac tonnes)	2009-2010 (In lac tonnes)
PRODUCTION & SALES		
Ramasamy Raja Nagar (TN) Factory		
Clinker Produced	**7.05**	6.90
Cement Produced	**12.57**	14.39
Cement Sold	**13.88**	14.40
Jayanthipuram (AP) Factory		
Clinker Produced	**15.75**	19.02
Cement Produced	**15.82**	19.96
Cement Sold	**15.69**	19.90
Alathiyur (TN) Factory		
Clinker Produced	**19.21**	21.54
Cement Produced	**20.49**	27.94
Cement Sold	**19.20**	27.60
Ariyalur (TN) Factory		
Clinker Produced	**12.69**	12.17
Cement Produced	**13.82**	11.79
Cement Sold	**13.33**	11.54
Mathodu (Karnataka) Factory		
Clinker Produced	**1.03**	1.60
Cement Produced	**1.66**	2.29
Cement Sold	**1.69**	2.28
Salem (TN) Grinding Plant		
Cement Produced	**3.51**	1.57
Cement Sold	**3.54**	1.58
Chengalpattu (TN) Grinding Plant		
Cement Produced	**3.01**	2.14
Cement Sold	**3.03**	2.11
Kolaghat (WB) Grinding Plant		
Cement Produced	**2.17**	0.18
Cement Sold	**2.19**	0.13

During the year under review, the cement production was 73.05 lac tonnes, compared to 80.26 lac tonnes of the previous year.

At **Ramasamy Raja Nagar**, subsequent to the installation of a Vertical Roller Mill as a pre-grinder to Raw Mill, the combined clinkerisation capacity of both the kilns had increased to 3200 Tonnes Per Day (TPD).

At **Jayanthipuram**, the Line-1 kiln was stopped during October 2010 to March 2011 for upgrading the pyro processing system. The upgradation had resulted in reduction in emission levels, besides increasing the clinkerisation capacity to 3400 TPD.

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