Madras Cements Ltd.

Annual Report

2011-2012

Chairman, Shri.P.R.Ramasubrahmaneya Rajha presenting a cheque for Rs.1 crore to the Honourable Chief Minister of Tamil Nadu, Ms.J.Jayalalithaa, towards Chief Minister's Public Relief Fund for the purpose of relief measures in areas affected by Thane Cyclone.

Jayanthipuram unit bagged the award for Best Organisation for supporting Quality Control Movement. The Award being presented by His Excellency ESL. Narasimhan, Governor of Andhra Pradesh.

Alathiyur Unit bagged the CII Environmental Best Practices Award 2012. The Award being presented by Mr.L.S.Ganapati, Chairman, CII Environmental Best Practices Award Committee, 2012.

MADRAS CEMENTS LTD.

Board of Directors

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

Shri VIBHU NAYAR, 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

Andhra Bank
Axis Bank Ltd
Bank of Baroda
Bank of Maharashtra
Canara Bank
Citi Bank
Deutsche Bank
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
Tamilnad Mercantile Bank Ltd
The Bank of Nova Scotia
The Hongkong and Shanghai
Banking Corporation Ltd
Union Bank of India
Yes 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
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.

Contents

TEN YEAR HIGHLIGHTS

DESCRIPTION	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Cement										
Capacity (lac tonnes)	59.9	59.9	59.9	59.9	59.9	79.9	99.9	104.9	104.9	104.9
Production (lac tonnes)	35.2	37.0	38.0	47.1	56.7	58.5	65.3	80.3	73.05	75.22
Windfarm										
Capacity (MW)	33.21	33.21	34.44	45.84	63.79	136.00	181.59	185.59	159.19	159.19
Generation (lac units)	455	485	445	378	657	1426	2611	4115	3572	2855
Sales & Other Income (Rs. in Crores)	630.37	699.82	745.11	1013.35	1581.69	2021.35	2471.23	2821.25	2644.69	3287.78
Operating Profit (Rs. in Crores)	154.95	167.12	160.43	215.52	563.50	761.76	793.49	877.29	657.31	969.77
Cash Generation (Rs. in Crores)	85.49	113.25	115.36	147.71	409.92	639.16	628.52	644.97	435.65	699.19
Profit After Tax (Rs. in Crores)	12.96	33.40	55.92	79.02	308.02	408.29	363.52	353.68	210.98	385.11
Number of employees	1743	1669	1642	1686	1955	2260	2447	2583	2593	2626
Contribution to Exchequer (Rs. in Crores)	233	228	275	321	561	610	711	809	839	1186
Face value per share (Rs.)	100	10	10	10	10	10	1	1	1	1
Earnings per share (Rs.)	107	28	46	65	255	343	15	15	9	16
Dividend per share (Rs.)	60	7.50	10	15	25	40	2	2	1.25	2.50
Dividend payout (Rs. in Crores)	7.26	9.07	12.10	18.14	30.24	48.03	47.66	47.66	29.79	59.58
Dividend payout %	56	27	22	23	10	12	13	13	14	15
Operating profit ratio %	24.58	23.88	21.53	21.27	35.63	37.69	32.11	31.10	24.85	29.50
Market price of share (Rs.)										
(a) High	4435	980	1170	2245	3750	5072	198	140	134	169
(b) Low	3245	330	595	932	1745	2500	55	70	85	76
(c) As on 31st March	3365	762	980	2164	2730	3349	71	122	102	154
Market capitalisation (Rs. in Crores)	406	920	1184	2614	3297	3986	1700	2897	2427	3659
Net worth per share (Rs.)	2193	237	274	323	550	799	52	65	73	86

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

NOTICE TO THE MEMBERS

Notice is hereby given that the 54th Annual General Meeting of the Company will be held at 10.15 A.M. on Thursday, the 2nd August 2012 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 Statement of Profit & Loss for the year ended 31st March 2012 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 2011-2012.
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.6,00,000/- (Rupees Six lakhs only) each, exclusive of out-of-pocket expenses."

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

Chennai
24-5-2012

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 28.07.2012 to 02.08.2012 (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 2.8.2012 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 27.7.2012;

(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. 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
31.03.2005			
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	31.08.2017
31.03.2011	10.08.2011	09.08.2018	07.09.2018

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

Chennai
24-5-2012

P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director

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

Shri P.R. VENKETRAMA RAJA

Shri P.R.Venketrama Raja, aged 53, 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 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 Ltd
4. The Ramaraju Surgical Cotton Mills Ltd.
5. Thanjavur Spinning Mill Ltd.
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. Sri Ramco Roofings Lanka Private Limited - Sri Lanka
19. RCDC Securities and Investments Private Ltd.
20. Nirmala Shankar Farms & Estates Private Ltd.
21. Sri Nithyalakshmi Farms Private Ltd.
22. Ram Sandhya Farms Private Ltd.
23. RSL Enterprise Solutions (Pty) Ltd., South Africa
24. Sri Harini Textiles Limited
25. Ramco Systems Canada Inc., Canada
26. Deccan Renewable Wind Electrics Limited (Chairman)
27. Rajapalayam Spinners Limited
28. Ramco Systems FZ-LLC

He is also a Member in the following Committees:

Name of the Company	Name of the Committee	Position Held
Madras Cements Ltd	Audit Committee	Member
	Project Management Committee	Member
	Investors Grievance Committee	Chairman
	Share/Debenture Committee	Member
Ramco Industries Limited	Investors Grievance Committee	Member
	Share Transfer Committee	Member
Ramco Systems Limited	Shareholders Committee	Member
	Allotment Committee	Member
Rajapalayam Mills Limited	Investors Grievance Committee	Member
The Ramaraju Surgical Cotton Mills Limited	Shareholders / Investors Grievance Committee	Member

Shri P.R.Ramasubrahmaneya Rajha, Chairman & Managing Director, being father of Shri P.R.Venketrama Raja, is deemed to be interested in the resolution.

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 54th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2012.

FINANCIAL RESULTS

	Year ended 31-3-2012 (Rs. in crores)	Year ended 31-3-2011 (Rs. in crores)
Operating Profit: Profit before Interest,		
Depreciation and Tax (PBIT)	**970.26**	657.24
Less : Interest	**158.45**	139.28
Profit before Depreciation and Tax (PBDT)	**811.81**	517.96
Less : Depreciation	**253.90**	220.77
	557.91	297.19
Less : Prior Period & Extraordinary items	**0.49**	(0.07)
Net Profit before Tax	**557.42**	297.26
Less : Provision for Tax		
Current Tax	**112.13**	82.38
Deferred Tax	**60.18**	3.90
Net Profit After Tax	**385.11**	210.98
Add: Balance Profit from last year	**54.06**	52.70
Surplus for Appropriation	**439.17**	263.68
Appropriations:		
1. Transfer to General Reserve	**300.00**	175.00
2. Interim Dividend	**47.66**	–
3. Tax on Interim Dividend	**7.73**	–
4. Final Dividend	**11.92**	29.79
5. Tax on Final Dividend	**1.93**	4.83
Balance carried over to Balance Sheet	**69.93**	54.06
TOTAL	**439.17**	263.68

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 Final Dividend of Rs.0.50 per share on the equity capital of the Company. Together with the Interim Dividend of Rs.2/- per share paid during the year, the total dividend for the year is Rs.2.50 per share. For the previous year, the Company had paid a dividend of Rs.1.25 per share.

The total dividend for the year amounts to Rs.59.58 crores as against Rs.29.79 crores for the previous year.

TAXATION

An amount of Rs.112.13 crores towards Current Tax, Rs.60.18 crores towards Deferred Tax and Rs.9.66 crores towards Dividend Tax has been provided for the year under review.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

CEMENT DIVISION

	2011-12 (In lakh tonnes)	2010-11 (In lakh tonnes)
PRODUCTION & SALES		
Ramasamy Raja Nagar (TN) Factory		
Clinker Produced	**6.77**	7.05
Cement Produced	**11.92**	12.57
Cement Despatched	**11.92**	12.59
Jayanthipuram (AP) Factory		
Clinker Produced	**17.53**	15.75
Cement Produced	**16.32**	15.82
Cement Despatched	**16.29**	15.78
Alathiyur (TN) Factory		
Clinker Produced	**15.68**	19.21
Cement Produced	**20.13**	20.49
Cement Despatched	**20.46**	20.28
Ariyalur (TN) Factory		
Clinker Produced	**15.06**	12.69
Cement Produced	**14.41**	13.82
Cement Despatched	**14.64**	13.81
Mathodu (Karnataka) Factory		
Clinker Produced	**0.98**	1.03
Cement Produced	**1.35**	1.66
Cement Despatched	**1.31**	1.69
Salem (TN) Grinding Plant		
Cement Produced	**3.89**	3.51
Cement Despatched	**3.92**	3.54
Chengalpattu (TN) Grinding Plant		
Cement Produced	**3.21**	3.01
Cement Despatched	**3.15**	3.03
Kolaghat (WB) Grinding Plant		
Cement Produced	**3.99**	2.17
Cement Despatched	**3.95**	2.20

During the year under review, the cement production has increased to 75.22 lakh tonnes from 73.05 lakh tonnes of the previous year.

At Ariyalur the Company has installed Line 2 with a capacity of 2 Million Tonnes Per Annum (MTPA). The project was commissioned upto clinkerisation in August 2011. The cement grinding is scheduled to commence in June 2012. Consequently the cement production capacity of the Company will go up from 10.49 MTPA to 12.49 MTPA.