

Madras Cements Ltd.

Annual Report

2012-2013





Chairman and Managing Director, Shri.P.R.Ramasubrahmaneya Rajha, meeting Honourable Chief Minister of Tamil Nadu, Selvi.J.Jayalalithaa on 25.8.2012.



Chairman and Managing Director, Shri.P.R.Ramasubrahmaneya Rajha, with Holiness Sri Sri Sri Bharati Tirtha Mahaswamiji of Sringeri during Swamiji's visit to Jayanthipuram Unit on 17.2.2013.



MADRAS CEMENTS LTD.

Board of Directors

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

Shri.HARMANDER SINGH, 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
Indian Bank
Indusind Bank Ltd
ING Vysya Bank Ltd
Kotak Mahindra Bank Ltd
Punjab & Sind Bank
Standard Chartered Bank
Syndicate Bank
Tamilnad Mercantile Bank Ltd
The Bank of Nova Scotia
The Federal Bank Ltd
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.

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MADRAS CEMENTS LTD.

TEN YEAR HIGHLIGHTS

| DESCRIPTION | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Cement | | | | | | | | | | |
| Capacity (lac tonnes) | 59.9 | 59.9 | 59.9 | 59.9 | 79.9 | 99.9 | 104.9 | 104.9 | 104.9 | 124.9 |
| Production (lac tonnes) | 37.0 | 38.0 | 47.1 | 56.7 | 58.5 | 65.3 | 80.3 | 73.05 | 75.22 | 84.75 |
| Windfarm | | | | | | | | | | |
| Capacity (MW) | 33.21 | 34.44 | 45.84 | 63.79 | 136.00 | 181.59 | 185.59 | 159.19 | 159.19 | 159.19 |
| Generation (lac units) | 485 | 445 | 378 | 657 | 1426 | 2611 | 4115 | 3572 | 2855 | 3247 |
| Sales & Other Income (Rs. in Crores) | 699.82 | 745.11 | 1013.35 | 1581.69 | 2021.35 | 2471.23 | 2821.25 | 2644.69 | 3256.58 | 3872.66 |
| Operating Profit (Rs. in Crores) | 167.12 | 160.43 | 215.52 | 563.50 | 761.76 | 793.49 | 877.29 | 657.31 | 969.77 | 1047.30 |
| Cash Generation (Rs. in Crores) | 113.25 | 115.36 | 147.71 | 409.92 | 639.16 | 628.52 | 644.97 | 435.65 | 811.32 | 868.79 |
| Profit After Tax (Rs. in Crores) | 33.40 | 55.92 | 79.02 | 308.02 | 408.29 | 363.52 | 353.68 | 210.98 | 385.11 | 403.65 |
| Number of employees | 1669 | 1642 | 1686 | 1955 | 2260 | 2447 | 2583 | 2593 | 2626 | 2787 |
| Contribution to Exchequer (Rs. in Crores) | 228 | 275 | 321 | 561 | 610 | 711 | 809 | 839 | 1186 | 1423 |
| Face value per share (Rs.) | 10 | 10 | 10 | 10 | 10 | 1 | 1 | 1 | 1 | 1 |
| Earnings per share (Rs.) | 28 | 46 | 65 | 255 | 343 | 15 | 15 | 9 | 16 | 17 |
| Dividend per share (Rs.) | 7.50 | 10 | 15 | 25 | 40 | 2 | 2 | 1.25 | 2.50 | 3 |
| Dividend payout (Rs. in Crores) | 9.07 | 12.10 | 18.14 | 30.24 | 48.03 | 47.66 | 47.66 | 29.79 | 59.58 | 71.49 |
| Dividend payout % | 27 | 22 | 23 | 10 | 12 | 13 | 13 | 14 | 15 | 18 |
| Operating profit ratio % | 23.88 | 21.53 | 21.27 | 35.63 | 37.69 | 32.11 | 31.10 | 24.85 | 29.78 | 27.04 |
| Market price of share (Rs.) | | | | | | | | | | |
| (a) High | 980 | 1170 | 2245 | 3750 | 5072 | 198 | 140 | 134 | 169 | 274 |
| (b) Low | 330 | 595 | 932 | 1745 | 2500 | 55 | 70 | 85 | 76 | 134 |
| (c) As on 31 st March | 762 | 980 | 2164 | 2730 | 3349 | 71 | 122 | 102 | 154 | 254 |
| Market capitalisation (Rs. in Crores) | 920 | 1184 | 2614 | 3297 | 3986 | 1700 | 2897 | 2427 | 3659 | 6045 |
| Net worth per share (Rs.) | 237 | 274 | 323 | 550 | 799 | 52 | 65 | 73 | 86 | 100 |

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 55th Annual General Meeting of the Company will be held at 11.00 AM on Monday, the 29th July 2013 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 2013 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 2012-13.
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.7,50,000/- (Rupees Seven lakhs fifty thousand 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 the name of the Company be changed from MADRAS CEMENTS LIMITED to “THE RAMCO CEMENTS LIMITED”, subject to such approvals as may be necessary in accordance with Section 21 of the Companies Act, 1956 and to carry out the consequential changes in the Memorandum and Articles of Association of the Company”.

Chennai
30-05-2013

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 23-07-2013 to 29-07-2013 (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 29-07-2013 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 22-07-2013;

MADRAS CEMENTS LTD.

- (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 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 |
|--|--|--|--|
| 31-03-2006 Final Dividend | 27-07-2006 | 26-07-2013 | 25-08-2013 |
| 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 | 28-11-2013 28-02-2014 25-08-2014 |
| 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 | 21-11-2014 01-03-2015 09-09-2015 |
| 31-03-2009 Interim Dividend Final Dividend | 29-01-2009 05-08-2009 | 28-01-2016 04-08-2016 | 27-02-2016 03-09-2016 |
| 31-03-2010 Interim Dividend Final Dividend | 27-10-2009 02-08-2010 | 26-10-2016 01-08-2017 | 25-11-2016 31-08-2017 |
| 31-03-2011 Dividend | 10-08-2011 | 09-08-2018 | 08-09-2018 |
| 31-03-2012 Interim Dividend Final Dividend | 21-03-2012 02-08-2012 | 20-03-2019 01-08-2019 | 19-04-2019 31-08-2019 |

Chennai
30-05-2013

By Order of the Board,
For MADRAS CEMENTS LTD.,
P.R.RAMASUBRAHMANEYA RAJHA
Chairman & Managing Director



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

Item No.5

It is proposed to change the name of the Company from MADRAS CEMENTS LIMITED to “THE RAMCO CEMENTS LIMITED”. RAMCO is the brand name under which the Company’s products are sold. The name – “The Ramco Cements Limited” will make it easy to identify the name of the company with the brand under which the Company’s cement is sold.

The identification of the Company’s name with the brand name will be advantageous in the long run in Brand building.

Your Directors recommend the resolution for your approval.

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

Chennai
30-05-2013

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

DR.A.RAMAKRISHNA

Dr.A.Ramakrishna, aged 73, 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 also a Director in the following Companies:-

1. Ramco Industries Limited
2. The KCP Limited
3. The Andhra Sugars Limited
4. The Andhra Petrochemicals Limited
5. TAJ GVK Hotels and Resorts Limited
6. GVK Energy Limited
7. GVK Power & Infrastructure Limited
8. GVK Gautami Power Limited
9. Brigade Enterprises Limited
10. Bangalore International Airport Limited

MADRAS CEMENTS LTD.

11. International Infrastructure Consultancy Private Limited
12. Mumbai International Airport Private Ltd
13. GVK Jaipur Expressway Private Limited
14. Christiani & Nielsen (Thai) Public Company Limited, Thailand
15. GVK Industries Limited

He is also a Member in the following Committees:

| Name of the Company | Name of the Committee | Position Held |
|--|------------------------------|---------------|
| Madras Cements Limited | Audit Committee | Member |
| | Remuneration Committee | Member |
| | Project Management Committee | Member |
| Ramco Industries Limited | Audit Committee | Member |
| Christiani & Nielsen (Thai) Public Co. Limited, Thailand | Audit Committee | Member |
| GVK Gautami Power Limited | Audit Committee | Member |
| GVK Jaipur Expressway Private Limited | Audit Committee | Chairman |
| TAJGVK Hotels & Resorts Limited | Audit Committee | Chairman |
| GVK Power & Infrastructure Limited | Audit Committee | Member |
| | Remuneration Committee | Chairman |
| Mumbai International Airport Private Limited | Audit Committee | Member |
| The KCP Limited | Audit Committee | Member |
| Brigade Enterprises Limited | Audit Committee | Member |
| GVK Energy Limited | Audit Committee | Member |
| Bangalore International Airport Limited | Audit Committee | Member |
| The Andhra Petrochemicals Limited | Audit Committee | Member |

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



DIRECTORS' REPORT

Your Directors have pleasure in presenting their 55th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2013.

FINANCIAL RESULTS

| | Year ended 31-03-2013 (Rs. in crores) | Year ended 31-03-2012 (Rs. in crores) |
|--|---|---|
| Total Revenue | 3872.66 | 3256.58 |
| Operating Profit: Profit before Interest, Depreciation and Tax (PBIT) | 1047.77 | 970.26 |
| Less : Interest | 178.51 | 158.45 |
| Profit before Depreciation and Tax (PBDT) | 869.26 | 811.81 |
| Less : Depreciation | 280.58 | 253.90 |
| | 588.68 | 557.91 |
| Less : Prior Period & Extraordinary items | 0.47 | 0.49 |
| Net Profit before Tax | 588.21 | 557.42 |
| Less : Provision for Tax | | |
| Current Tax | 117.38 | 112.13 |
| Deferred Tax | 67.18 | 60.18 |
| Net Profit After Tax | 403.65 | 385.11 |
| Add: Balance Profit from last year | 69.93 | 54.06 |
| Surplus for Appropriation | 473.58 | 439.17 |
| Appropriations: | | |
| 1. Transfer to General Reserve | 300.00 | 300.00 |
| 2. 1 st Interim Dividend | 23.83 | 47.66 |
| 3. 2 nd Interim Dividend | 23.83 | — |
| 4. Final Dividend | 23.83 | 11.92 |
| 5. Tax on Dividends | 11.78 | 9.66 |
| Balance carried over to Balance Sheet | 90.31 | 69.93 |
| TOTAL | 473.58 | 439.17 |

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.1/- per share on the equity capital of the Company. Together with the 1st Interim Dividend of Rs.1/- per share and 2nd Interim Dividend of Rs.1/- per share paid during the year, the total dividend for the year is Rs.3/- per share. For the previous year, the Company had paid a dividend of Rs.2.50 per share.

The total dividend for the year amounts to Rs.71.49 crores as against Rs.59.58 crores for the previous year.

TAXATION

An amount of Rs.117.38 crores towards Current Tax, Rs.67.18 crores towards Deferred Tax and Rs.11.78 crores towards Dividend Tax has been provided for the year under review.

MADRAS CEMENTS LTD.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

CEMENT DIVISION

| PARTICULARS | April 2012 to March 2013 | April 2011 to March 2012 | Change over previous year | |
|-------------|--------------------------|--------------------------|---------------------------|--------|
| PRODUCTION | (In Tonnes) | (In Tonnes) | (In Tonnes) | (In %) |
| Clinker | 6323033 | 5602365 | 720668 | 13 |
| Cement | 8475412 | 7521888 | 953524 | 13 |
| SALES | | | | |
| Cement | 8360142 | 7549629 | 810513 | 11 |

During the year under review, the cement production has increased to 84.75 lakh tonnes compared to 75.22 lakh tonnes of the previous year, showing an increase of 13%.

In the Directors' Report for the year 2011-12, it was informed that the Line-2 at Ariyalur with 2 Million Tonnes Per Annum (MTPA) capacity was commissioned upto clinkerisation in 2011-12. The cement grinding with Polycor Roll Press mill was completed in 2012-13. With this the cement manufacturing capacity of the Company has increased to 12.49 MTPA.

The projects of installing a Roll Press Mill at Ramasamy Raja Nagar Cement Plant and at Salem Grinding Unit for increasing the cement grinding capacity were also completed during the year.

During the year, the Company has undertaken the following improvements:

RAMASAMY RAJA NAGAR

Installation of new impact crusher with screening system to increase the limestone crushing capacity.

Installation of new fly ash handling system, consisting of fly ash silo, bucket elevators and airslide gallery for transfer of fly ash.

Installation of new bagfilter for the Line-2 Coal Mill.

Installation of alternate fuel feeding system, comprising of an elevator and belt conveyor with dosing arrangement.

The above projects have contributed towards increase in the productivity by way of removing criticality in the production processes, reduction in emissions, optimisation of fuel consumption levels, etc.

SALES

During the year under review, even though on All India basis, the cement industry has shown a growth of 7%, Madras Cements Ltd has registered a growth of 11% in Sale of Cement. In absolute terms, the sale of cement has increased to 83.60 lakh tonnes compared to 75.50 lakh tonnes of the previous year.

The sale value of cement for the current year, net of Excise Duty and VAT amounts to Rs.3,627.30 crores as against Rs.3,093.83 crores for the previous year.

Out of the total sales for the year, 0.84 lac tonnes of cement was exported as against 0.46 lac tonnes during the previous year. The export turn over of the Company for the year was Rs.28.70 crores as against Rs.14.26 crores of the previous year.

COST

During the year under review, there had been constant upward revision in the price of diesel, in aggregate amounting to an increase of Rs.7.83 per litre, which works out to 18% over previous year. This had resulted in increase in the cost